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MINUTES OF A REGULAR MEETING OF THE  
REDEVELOPMENT AGENCY OF THE CITY AND  
COUNTY OF SAN FRANCISCO HELD ON THE  
5TH DAY OF JULY, 1978

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The Commissioners of the Redevelopment Agency of the City and County of San Francisco met in a regular meeting at 939 Ellis Street in the City of San Francisco, California, at 4:00 o'clock p.m. on the 5th day of July, 1978, the place, hour, and date duly established for the holding of such meeting.

The President called the meeting to order and on roll call the following answered present:

Howard M. Wexler, President  
Charlotte Berk  
Dian Blomquist  
Rubin Glickman  
Melvin D. Lee  
Dr. Hannibal A. Williams

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and the following was absent:

Joan-Marie Shelley, Vice President

The President declared a quorum present.

Wilbur W. Hamilton, Executive Director, and staff members were also present.

Also present were John Elberling, TODCO; Mary Rogers, Arnold Townsend and Richard Harper, Western Addition Project Area Committee (WAPAC); Maria Portillo Galatti, Dorice A. Murphy and Charles Galatti, Vida Foundation; Dr. Amancia Ergina, Yerba Buena Village Foundation; James Hennefer, Attorney representing Archdiocese of San Francisco; and David Islick, Steve Onakajo, Richard Erjiwa, Patty Wada, Martin Shichi, Sandy Ouye, David Ishida and Richard Claire, Kimochi, Inc.

Representing the press were Marshall Kilduff, San Francisco Chronicle; Dan Borsuk, San Francisco Progress; and Jerry Adams, San Francisco Examiner.

APPROVAL OF MINUTES

It was moved by Mr. Glickman, seconded by Mrs. Berk, and unanimously carried that the minutes of the regular meeting of June 20, 1978, as distributed by mail to the Commissioners, be approved.

It was moved by Mr. Glickman, seconded by Ms. Berk, and unanimously carried that the minutes of the executive meetings of June 20 and June 27, as distributed by mail to the Commissioners, be approved.

SPECIAL APPEARANCES

- (a) Request by Western Addition Project Area Committee (WAPAC) for Commissioners' consideration of affirmative action program, Sacred Heart High School, Western Addition A-2.



SPECIAL APPEARANCES (continued)

Mr. Arnold Townsend, Executive Director of WAPAC, came forward and indicated that he was concerned about the Sacred Heart High School being built in the Western Addition. He noted that this was a facility which would serve the young people of the project area and others in the City. He commended the Roman Catholic Church for this effort but expressed concern that the Archdiocese and its contractor were not planning to fulfill the 50 percent community employment requirement for construction in that area. He noted that the Agency had not conveyed the entire parcel of land that the school would occupy. He believed that the Archdiocese' contractor, Cahill Construction Company, was primarily the cause for the lack of compliance. He noted that this situation had occurred previously during the construction of the California State Bar where the Agency did not convey all of the land occupied by the new structure. When the needs of the community for employment had been explained, the State Bar had agreed to the 50 percent residency requirement even though they had acquired only a portion of the site from the Agency. He noted that he had been discussing this matter with Mr. James A. Hennefer, Attorney representing the Roman Catholic Church, who had indicated that if the Archdiocese were required to meet the 50 percent community employment requirement, it would increase the cost of construction and make the job infeasible. Mr. Townsend indicated his belief that the Archdiocese had a moral obligation to provide a work force of a craft-by-craft basis, not just as it pertained to the acreage of land acquired by the Archdiocese from the Agency.

Mr. Arnold Townsend stressed that he was not asking the Archdiocese to conduct a training program but only that they hire 50 percent of their work force from qualified community residents. Mr. Townsend cited as an example of the competency of community workers that the Golden Gate Apartments being built by Branagh Construction Company had a work force consisting of 70 percent community residents. This project is proceeding so well that the workers had been allowed to take a long holiday over the Fourth of July. He reiterated that representatives from the Archdiocese had informed him that if they were required to have their subcontractors comply with the 50 percent residency requirement the cost would increase substantially. Mr. Townsend expressed the belief that such allegations were racist. He noted when community people were allowed to work they could perform as well as any other workers. As an example, WAPAC had placed a carpenter trainee with one of the firms and that she was working out well. He stressed his belief that there would not be additional costs incurred in using community residents. Mr. Townsend also reiterated his belief that community workers possessed the same skills as those not living in the City. He noted that this did not concern the issues addressed in the Bakke case because this was a request that people possessing the same skills be allowed to participate in the construction in their communities. He requested a response as to why the Archdiocese alleged that the construction would cost more if required to comply with the 50 percent residency requirement. He believed that the Commissioners had a moral obligation to enforce the community hiring policy.



SPECIAL APPEARANCES (continued)

In response to President Wexler's inquiry, Mr. Hamilton indicated that both Mrs. Mary Rogers of WAPAC and James A. Hennefer had comments on the matter and then he would offer a recommendation.

Mrs. Rogers, President of WAPAC, referred to the land disposition agreement between the Agency and the Archdiocese which she stated clearly required a 50 percent residency employment. Mrs. Rogers provided Mr. Hamilton with a copy of this agreement to review. She expressed the belief that all affirmative action programs in the Western Addition should follow the 50 percent employment of community residents. Mrs. Rogers also indicated that the Archdiocese had appeared to agree to the requirement but now Cahill Construction Company was refusing to do so.

Mr. Hennefer described the role of the Sacred Heart High School in the community, noting that as Mr. Townsend had indicated it served the A-2 community where the church had been located for 106 years. He also noted that there were 47 percent minority students attending the school. He indicated that the Christian Brothers Teaching Order served as staff for the school. They strongly believed in the role of the inner city school and had through great effort raised funds from the entire Archdiocese to build a more adequate facility. Since these funds came from parishes in the entire Archdiocese, including those in the East Bay and Santa Clara, it had required persuasion to overcome objections to the proposed construction of such a major facility in the inner city. He noted that the Archdiocese had acquired the parcel from the Agency in 1973 and had then been successful in efforts to build a larger facility than originally planned. The Archdiocese had then assembled the remainder of the site. He stressed that the funds collected for the facility would be difficult to increase. Mr. Hennefer indicated that addition of the 50 percent residency requirement would necessitate re-bidding and that the Archdiocese could anticipate a substantial escalation in the bid amount. He noted that since the Agency portion of the site was limited to 25 percent of the area to be built upon, the Archdiocese had met with the Agency and proposed to employ 12.8 percent of the work force from community residents. He stressed that the Archdiocese now was on a very tight time schedule and could not hold the bids for any additional period of time since the bids had been more than three months earlier. He again expressed his belief that new bids taken by the Archdiocese would be affected by inflation. He noted that the firms bidding on the construction had already formed their crews and would bring in people with whom they had previously worked. If the subcontractors were now required to meet other employment quotas, they would be faced with replacing a work force which had already been formed. He noted that the Archdiocese was essentially complying with the Agency's 50 percent goal on the portion of the construction as required in the disposition agreement. Mr. Hamilton indicated that his quick review of the disposition agreement indicated that it appeared to require community employment quotas for Parcel 737-A only. He believed that the matter is a matter of moral commitment to meet affirmative action goals rather than a legal requirement.



SPECIAL APPEARANCES (continued)

Mr. Hamilton noted that it appeared the Archdiocese's affirmative action commitment was limited to the portion of the land acquired from the Agency and that they were exceeding the 50 percent obligation on this at a ratio of 25 percent for the entire project. Mr. Hamilton stressed that there was precedent for such an arrangement and cited other construction jobs where the sponsor acquired only a portion of its land from the Agency and did not comply with the 50 percent for the entire site. He believed that there was no legal means to compel the Archdiocese to provide additional affirmative action measures.

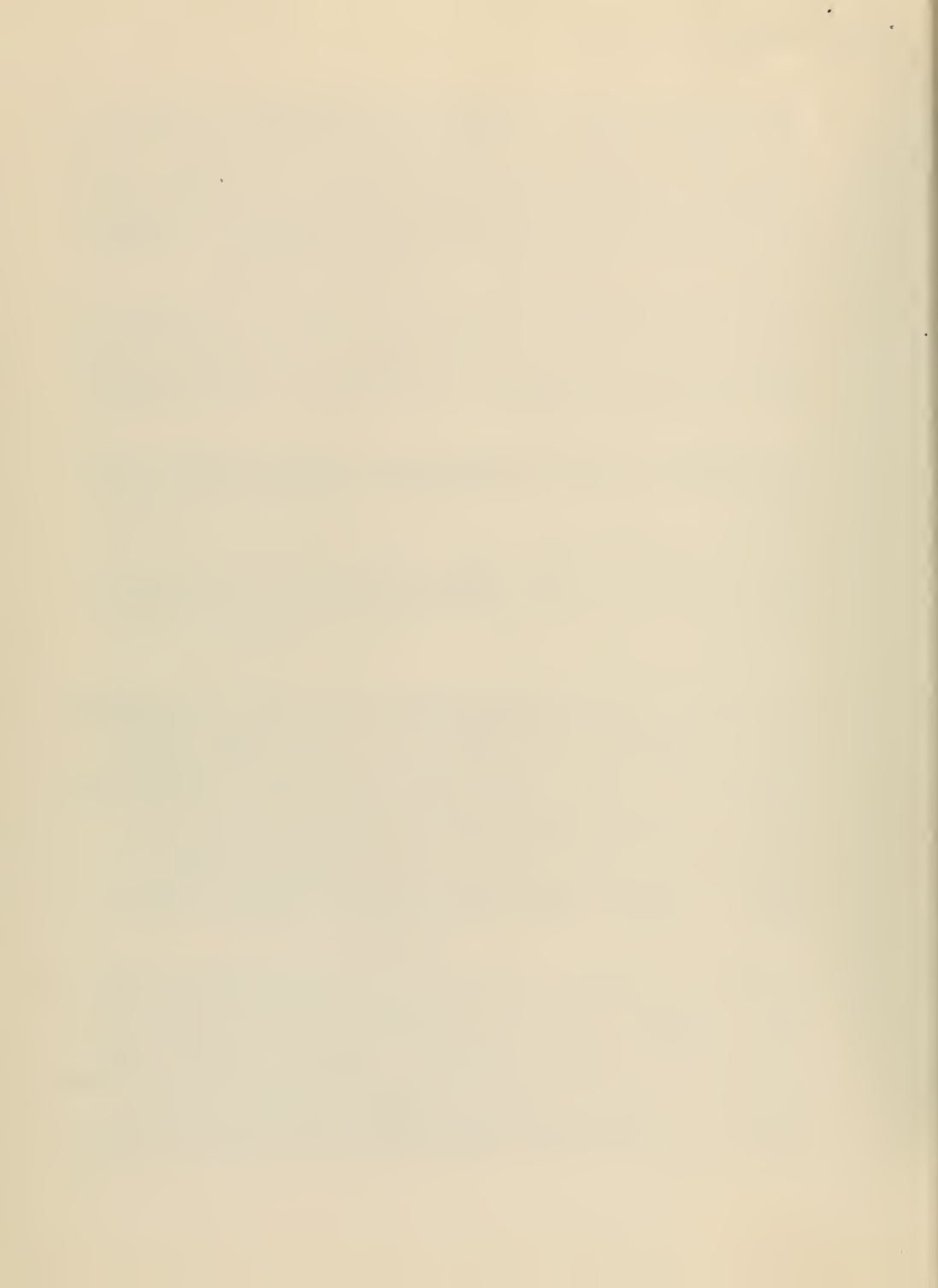
Ms. Blomquist expressed her belief that the Roman Catholic Church had benefitted from the Agency's development of the Western Addition A-1 area and inquired whether its other construction contracts had met the affirmative action requirements of the Agency. Mr. Hennefer indicated that the Church had always made an effort to use minority firms and employ people from the area.

In response to Ms. Blomquist's inquiry, Mr. Hennefer indicated that the Archdiocese was actually providing a greater number of minority jobs than was required for the land the Agency had conveyed to the Archdiocese.

Dr. Williams indicated that a large religious institution was in an excellent position to set an example of leadership in the affirmative action field. He felt that if the Archdiocese did not meet this challenge, he would not be able to condone its proceeding with construction.

In response to President Wexler's inquiry about the history of the State Bar and Sutter Place which were not built wholly on land conveyed by the Agency, Mr. Hamilton indicated that on these developments satisfactory arrangements had been worked out but the developers had not been compelled to meet 50 percent community employment requirements. Mrs. Rogers indicated her belief that the Roman Catholic Church had not conformed to the 50 percent requirement on any of its construction. She also indicated her belief that the Church had been willing to cooperate on this matter but that Cahill Construction Company had prevented them from going ahead with their proposed compliance. She urged that the Agency compel the Archdiocese to adhere to what was mandated in San Francisco and Federal policies and provide a level of community employment to at least 50 percent.

Mr. Townsend indicated that he did not wish to see the project halted but that he was concerned because people from the community were being denied an opportunity to work. He stressed his belief that when contractors agreed to enforce a 50 percent residential hiring requirement, it was difficult to get them to comply. If such a high standard were not set, he felt that the contractor would be even less likely to provide more than the minimum. He noted that even with project set-asides which provide an opportunity to subcontract such work as maintenance and asphalt, the journeymen craftspeople were being denied an opportunity to participate. Mr. Townsend indicated that the Archdiocese had stated





SPECIAL APPEARANCES (continued)

that a 50 percent compliance would make the job more expensive. He requested an explanation of why there should be additional costs for the use of community-based qualified craftspeople. He stressed that no training programs were being requested. Mr. Hennefer indicated that the Archdiocese's affirmative action program included the use of minority subcontractors and that additional costs would be incurred because if a 50 percent requirement were imposed the job would have to be put out to bid again. He expressed the belief that the subcontractors to be used on the job had formed their crews and it would be difficult for the firms involved to substitute persons unaccustomed to working with them. Mr. Townsend indicated that in his experience with the construction industry people were hired on a craft-by-craft basis from persons available in the union hiring halls. He again asked why a requirement for 50 percent community participation would increase the costs.

Dr. Williams indicated that WAPAC appeared to be requesting the Commission's consideration of terminating the existing disposition agreement or securing the agreement of the Archdiocese to complying with the 50 percent requirement. Dr. Williams indicated that low income people had occupied the site on which the new school was being built and since they had been displaced to clear the site he believed that the community was entitled to have at least 50 percent of the construction jobs. He also asked how the contractor had bid the jobs and why non-minority firms had not responded. He believed that if those involved were people of "good will", a resolution of this matter could be reached.

Mr. Hennefer indicated that he believed he had been misled; the program proposed for the land acquired from the Agency more than fulfilled the 50 percent requirement and this agreement had been agreed upon. He also believed that the Roman Catholic Church had not been required to fulfill a 50 percent requirement for its entire work force and therefore had not made an effort to do so. In addition, Mr. Hennefer expressed the belief that with the set-asides and other efforts being made to obtain minority participation, the Archdiocese had fulfilled their affirmative action obligation. Mrs. Rogers indicated that she believed if it were a question of whether the school was to be built or whether the affirmative action schedule would be met, the school site could be developed for other uses.

In response to President Wexler's inquiry about where the Catholic Welfare Corporation had done other construction and the affirmative action program for that work, Mr. Hennefer indicated that the Church had had extensive affirmative action programs. President Wexler inquired what percentage of minorities had been employed and Mr. Hennefer indicated that he did not know and could not guess as to the percentage. President Wexler inquired if the land were all Redevelopment Agency land; whether the Archdiocese would impose the 50 percent requirement; and why Mr. Hennefer believed the 50 percent requirement would create a cost difference.



SPECIAL APPEARANCES (continued)

Mr. Hennefer indicated that the Archdiocese would have difficulty raising additional funds and if the school cost additional money, it could not be built in the project. He noted that raising the funds had been difficult and if the 50 percent requirement had been known, it would have been a factor in the decision to construct the school. Dr. Williams indicated that it appeared to him that there was an inference that the area was not a suitable place for the high school. Mr. Hennefer noted that the Christian Brothers wished to remain in the A-2 community and that the Church had been active in the area for 106 years. However, the money to build the school had been collected several years earlier and it would be difficult to increase the amount if the costs of construction were increased. Dr. Williams inquired why the costs should be greater and Mr. Hennefer indicated that the subcontractors had established crews that they did not wish to change. Dr. Williams commented that subcontractors had to work with the crafts people that were allocated by the union halls. If the subcontractors were not following these policies, it appeared there might be some type of deals between the subcontractors and the unions and he did not believe that the Church would participate in this type of action. Mr. Hennefer again stressed that the work crews were made up of people accustomed to working together as a team and it would be difficult to mix these experienced people with those unaccustomed to the firm's policy and procedures. Dr. Williams expressed concern about the affirmative action program for the Western Addition being invalidated. Mr. Hennefer indicated that he did not believe the Church's problem invalidated the affirmative action program.

MOTION: It was moved by Ms. Blomquist that the Commissioners adopt a policy directing the Archdiocese to impose a 50 percent requirement for community employment on its construction of the Sacred Heart High School, Western Addition A-2.

Mr. Hamilton requested Mr. Borregard to comment on how this could be accomplished legally. President Wexler inquired if Mr. Hamilton's inquiry pertained to the entire construction project, and Mr. Hamilton answered affirmatively.

Mr. Borregard indicated that he had not had an opportunity to examine the Disposition Agreement but he believed it was necessary to ascertain whether the Agency had the authority to compel the developer to institute this level of affirmative action or whether this was only a matter for voluntary negotiation. Ms. Blomquist inquired if Mr. Borregard would research the matter and Mr. Borregard answered affirmatively. President Wexler also requested Mr. Borregard to analyze the matter with regard to a potential lawsuit and Mr. Borregard indicated that he would do so.

President Wexler inquired of Mr. Hamilton whether, having heard the positions of WAPAC and Mr. Hennefer, he wished to make a recommendation or would like additional time to consider the matter. Mr. Hamilton indicated that a precedent had been set by the affirmative action programs for the State Bar and Sutter Place developments where the sites



SPECIAL APPEARANCES (continued)

were not entirely acquired from the Agency. However, he believed that it was important to have additional understanding of the elements involved in this matter before making a recommendation. President Wexler recommended that staff prepare the necessary evaluation and that the Commissioners would then consider the matter.

Mrs. Rogers asked for assurances that the construction would not start until the matter was resolved. Mr. Hamilton indicated his belief that that was implied by the proposal to hold the matter until additional facts were available. President Wexler inquired as to the status of the Church's proposal to start construction. Mr. Hennefer indicated that construction had to start by Monday, July 10. President Wexler suggested that Mr. Hennefer consider deferring notice to proceed on the construction until the following Agency meeting. Mr. Hamilton inquired if Mr. Hennefer was representing that construction had to be underway by Monday or the bids would be lost. President Wexler inquired if the construction team could not agree to extend its bids for an additional period. Mr. Hennefer indicated that approximately \$270,000 had been expended to this point for the development and that the Church would potentially suffer this loss if the contractor did not hold its bid.

**MOTION:** It was moved by Mr. Glickman and seconded by Ms. Blomquist that the matter of the affirmative action program for the Sacred Heart High School, Western Addition A-2, be held until Agency General Counsel Leo Borregard had an opportunity to evaluate the matter and make a report to the Commissioners at the regular Agency meeting of July 11, 1978.

Dr. Williams inquired if the project was going to go ahead regardless of this motion. Mr. Hennefer indicated that he would take personal responsibility for making every effort to hold off construction.

Mr. Townsend came forward and indicated that Mr. Hennefer had stated that the previously assembled construction crews were one reason for not enforcing the 50 percent community employment requirement. Mr. Townsend believed that the Agency should consider conveying the land to a developer who would adhere to the 50 percent requirement. He believed that the Catholic Welfare Corporation and Cahill Construction Company were aware of the Agency's 50 percent requirement, and that they were resorting to subterfuge in development of the school. Dr. Williams indicated that he had built a church using contractors who had exceeded the 50 percent requirement and that he saw no reason why other developers could not also follow this policy. President Wexler indicated that the matter would be calendared on the next regular Agency meeting agenda.

**MOTION:** It was moved by Mr. Glickman, seconded by Ms. Blomquist, and unanimously carried that the matter of the affirmative action program for Sacred Heart High School, Western Addition A-2, be held until Agency General Counsel Leo Borregard had an opportunity to evaluate the matter and report to the Commissioners at the regular Agency meeting of July 11, 1978.



SPECIAL APPEARANCES (continued)

President Wexler suggested that Mr. Hennefer meet with Agency staff and WAPAC to see if the issues involving affirmative action could not be resolved.

REPORT OF THE EXECUTIVE DIRECTOR

Executive Director Wilbur W. Hamilton reported to the Commissioners on the following:

- (a) Mr. Quintin McMahon has been confirmed in the newly created position of Chief of Real Estate at the Executive Meeting of the Agency on June 27, 1978.

NEW BUSINESS

- (a) Resolution No. 155-78 designating Kimochi, Inc., as the redeveloper of Parcel 674-C, located at 1734-38 Laguna Street and the adjacent vacant lot at 1740-44 Laguna Street, Western Addition Approved Re-development Project Area A-2.

This matter concerns the designation of Kimochi, Inc., as the redeveloper of the Agency owned building at 1734-38 Laguna Street and the adjacent vacant 1,540 square foot parcel. These properties will be developed to provide a care facility for fifteen ambulatory residents. The purchase price for both properties is \$23,700. The Victorian structure is to be renovated to meet both the State, local and Agency standards for such care facilities and there will be construction on the vacant parcel to provide additional units which will permit the residents additional living space, including a multi-purpose room. The developer designation is proposed for a 180-day period and will expire at the end of that time unless Kimochi, Inc., is prepared to execute a Disposition Agreement. Consideration of the authority to execute such an agreement would be calendared at an Agency meeting for a public hearing and approval of the Commissioners. Mr. Hamilton indicated that this facility would provide a type of care for people not presently available, and it was estimated that some 1,500 persons in the area are in need of such a facility. He noted that representatives of Kimochi were present and available to make a presentation on the organization.

Ms. Sandy Ouye, Co-Chairperson, Kimochi Board and Care Project, indicated that the other Chairperson, Mr. David Ishida, and a member of the Board of Directors, Mr. Richard Claire, were also in attendance as well as other staff and Board members. She noted that some of the potential residents were also present. Ms. Ouye indicated that Kimochi had been formed in 1971 to provide social services for the older generation of Japanese in the area. She noted that the group was primarily composed of the Sansei, or third generation Japanese in America, for the purpose of serving the needs of the Issei, the first generation Japanese in America. Since 1971 Kimochi had provided many social services for the





NEW BUSINESS (continued)

elderly which included providing meals. She stressed the need for elderly Japanese to be cared for in a facility with their ethnic and cultural requirements. Ms. Ouye noted that these elderly persons who were in homes for the elderly frequently suffered because they could not eat the food which was served and they lacked the ethnic environment crucial to their well-being. In recognition of this need, Kimochi had developed the concept of building a facility to provide for the care of the elderly. This project would not provide medical care but would have a staff on duty 24 hours a day to look after the non-medical needs of the residents. Ms. Ouye indicated fund raising efforts by the organization included holding benefit dances, a crafts and food street fair, and that Kimochi was also to receive a \$52,000 grant from the Commission for the Aging for capital improvement equipment. She noted that Kimochi was currently in the process of asking people to pledge funds to support the development of the facility. In response to President Wexler's inquiry, Ms. Ouye indicated that the balance of the presentation would take approximately 20 minutes. President Wexler indicated his belief that the Commissioners favored the proposal and were now prepared to vote on the matter. Ms. Ouye indicated Kimochi's appreciation for the Commissioners' consideration.

ADOPTION: It was moved by Mr. Glickman, seconded by Dr. Williams, and unanimously carried that the resolution be adopted.

In response to President Wexler's inquiry, Mr. Hamilton indicated that this project would be outside the Nihonmachi area. President Wexler indicated that he believed the development would provide a needed service for elderly people.

- (b) Resolution No. 156-78 granting to Yerba Buena Village Foundation, a California nonprofit corporation, a thirty-day extension of designation as redeveloper of Parcels 728-A, E and J, located at the southeast corner of O'Farrell and Scott Streets and at the northeast corner of Ellis and Scott Streets, Western Addition Approved Redevelopment Project Area A-2.

This matter concerns a recommendation that the Yerba Buena Village Foundation be given a thirty-day extension for its developer designation of the 75,069 square foot parcel on the southeast corner of Scott and Ellis Streets. Mr. Hamilton indicated that the California Housing and Finance Agency (CHFA) was reviewing the Foundation's application for a mortgage financing commitment, but had not been able to schedule the application for hearing by the CHFA Loan Committee's review at its meeting in June. It was recommended that a thirty-day extension of the developer designation be granted to allow time for CHFA consideration in July. Mr. Hamilton also noted that Dr. Ergina, of the Yerba Buena Village Foundation, was present if the Commissioners wished to ask him questions.



NEW BUSINESS (continued)

ADOPTION: It was moved by Dr. Williams, seconded by Ms. Berk, and unanimously carried that the resolution be adopted.

- (c) Resolution No. 157-78 granting to Vida Foundation a six-month extension of its exclusive rights to negotiate for the purchase and development of Parcel J-1 and requiring an interim progress report from Vida Foundation on or about October 10, 1978, Diamond Heights Approved Redevelopment Project Area.

This item concerns extension of the exclusive negotiating rights of the Vida Foundation for its proposed development of 20 units of subsidized housing for the handicapped on a parcel in Diamond Heights. Mr. Hamilton indicated that the sponsor had worked diligently to develop a proposal acceptable to CHFA for consideration of its Loan Committee and to secure Section 8 subsidies. Neither of these efforts has yet been satisfactorily resolved; however, it is recommended that the Foundation's exclusive negotiating rights be extended six months with a request that the Agency is provided a status report by October 10, approximately three months. Mr. Hamilton noted that the Foundation's president, Ms. Maria Galatti, was present, if the Commissioners wished to ask her any questions.

President Wexler indicated his concurrence with the staff recommendation and expressed the belief that the sponsor had an extremely worthwhile project. However, he recalled that when the item had initially been considered by the Commissioners, there had been another use proposed for the parcel. He indicated that the Diamond Heights Neighborhood Association had urged that the parcel be designated for open space use. He inquired if designating the negotiating rights of Vida Foundation until January 9, 1979 would preclude an application to the City for funds to acquire the property for open space uses if it appeared the housing project could not proceed. Mr. Hamilton indicated that previously there had been no funds to acquire the property for open space. He again recommended that the developer designation be granted to determine if an acceptable proposal could be developed for the parcel and if it were determined the Foundation could not go forward then disposition of the parcel could be re-evaluated. President Wexler indicated that his inquiry concerned the schedule of the annual funding cycle and if the cut-off for applications requesting open space acquisition funds was December.

Ms. Berk indicated that the funds for open space acquisitions were allocated under City Proposition J. She noted that the committee charged with the allocation of those funds had indicated that it did not favor purchase of additional open space in Diamond Heights since it already had large areas for such use. Mr. Hamilton concurred and noted that he did not know the schedule of the Proposition J committee.



NEW BUSINESS (continued)

President Wexler recalled that at the time of the Vida Foundation's designation, one of the factors mentioned by the Diamond Heights Neighborhood Association was the Proposition J committee's reluctance to commit funds when they would be competing with a development for the handicapped. He believed that if it were proposed that the land be either sold for market rate housing or made available for open space, the Proposition J committee might consider it in a different context.

Mr. Thomas Conrad came forward and indicated that the staff recommendation took the Proposition J funding cycle into consideration since it culminated in January, and he believed staff review of the Foundation's progress in October would permit an assessment of whether the Diamond Heights Neighborhood Association would wish to apply for open space acquisition funds for the parcel.

Mr. Glickman stressed his concern for the handicapped development on the site, noting that he believed the Foundation should be provided all of the time needed to obtain a commitment for this development. He indicated that he understood the reasons for President Wexler's inquiries but stressed his belief that the Foundation should be afforded every development opportunity. President Wexler indicated that he concurred in this but because of potentially competing uses for the parcel, he wished to know the parameters for applications for open space funds. Mr. Glickman indicated that he believed the Foundation should proceed to explore all avenues possible to bring its development to a successful conclusion.

ADOPTION: It was moved by Ms. Blomquist, seconded by Ms. Berk, and unanimously carried that the resolution be adopted.

- (d) Resolution No. 158-78 approving and authorizing the Executive Director to execute an Interdepartmental Work Order with the San Francisco Department of Public Works for inspection services for the Hunters Point Redevelopment Project.

This matter concerns a \$40,000 work order with the Department of Public Works to provide inspection services for Hunters Point site improvement construction. The construction to be inspected currently totals approximately \$3 million. The work order is anticipated to provide inspection services for the 1978-79 fiscal year. Such inspections are a prerequisite for the City's acceptance of improvements for maintenance.

ADOPTION: It was moved by Ms. Blomquist, seconded by Mr. Glickman, and unanimously carried that this resolution be adopted.

- (e) Resolution No. 151-78 authorizing write-off of certain delinquent rents due, Yerba Buena Center, Western Addition A-2, Hunters Point, India Basin Industrial Park and Stockton-Sacramento Redevelopment Projects. (Note: The three rent write-off categories were considered separately and individual resolutions adopted. The titles are indicated on page 14. HLS)



NEW BUSINESS (continued)

This resolution authorizes the write-off of rental accounts for Yerba Buena Center, A-2, Stockton-Sacramento, Hunters Point, and India Basin projects in the total amount of \$87,420.19. Mr. Hamilton indicated that the Agency's rental policy and the Federal regulations provided for the write-off of rental accounts where (a) the probable cost of future collections does not warrant the cost involved; (b) collection would provide undue hardship on the tenant; or (c) where there was no reasonable prospect of collection. For the latter category, collection efforts are continued by the Agency and some money may be collected from these accounts. Mr. Hamilton stressed that the Agency's overall collection record still exceeded 90 percent. He noted that the rent write-offs are scheduled to be brought to the Commissioners every six months; however, with changes in personnel in the Residents and Business Services section, it was 18 months since the last write-off. In response to Ms. Blomquist's inquiries, Mr. Mills indicated that collection agencies were selected by staff. He noted that it was difficult to find collection agencies that would handle rental accounts. Most collection agencies are in the business of delinquent credit accounts. He noted that the staff had been investigating the services offered by the firms in this field. One organization, Transworld Accounts, had met with him and indicated that they provided a new type of service. Ms. Blomquist then inquired how delinquent accounts accrued to the extent that they exceeded several thousand dollars. Mr. Mills indicated that the write-offs in most cases concerned vacated accounts and primarily these cases involved tenants who had been difficult to relocate. In many instances eviction processes had to be utilized to move the tenant. In these cases there was little communication from the time of the initial serving of vacate notices. He noted that long periods of time could accrue between the first attempts to relocate such a tenant and the time when they finally vacated their unit. Ms. Blomquist referred to a specific case and inquired if payment could have been made out of the tenant's relocation payments. Mr. Mills indicated that HUD regulations precluded such deductions and the tenant had been unwilling to voluntarily make his rental payment.

In response to Ms. Blomquist's request, President Wexler indicated that the three types of write-off cases could be voted on separately.

Mr. Glickman indicated his understanding of the difficulty encountered in collecting rents for the tenants of such properties. He also noted his understanding that except in obvious hardship cases the write-offs did not constitute forgiveness of rental delinquencies but cleared the Agency's books, and that collection efforts would continue through a collection agency. Mr. Mills concurred, noting that those amounts too small to justify additional collection efforts, or those which had been caused by extenuating circumstances, would not be pursued further. Mr. Glickman indicated his understanding that the Agency was not in a position to function as a long-term landlord, and that its responsibility was to collect rents in a businesslike manner but to exercise human discretion in cases of hardship. He believed that the





NEW BUSINESS (continued)

staff should be commended for the excellent work it was doing in this difficult area. Mr. Mills indicated that the need to write-off these rents also resulted from accounting procedures. He suggested that Mrs. Hale might wish to comment on this aspect of the write-off. Mrs. Hale indicated that HUD had established this procedure for writing off delinquent vacated accounts in order to provide a more valid financial statement of the Agency's accounts receivable. She noted that as long as these rents were not written off they were carried on the Agency's books as an account receivable and misrepresented the Agency's assets.

At this time, 6:10 p.m., Ms. Berk excused herself and left the meeting.

Ms. Blomquist inquired about an account that had accrued only since April, 1978, and Mr. Mills indicated that this account was undoubtedly one where a tenant was one whom staff knew who did not pay. He noted that these accounts listed were ones which the staff had reason to believe could not be collected through normal Agency procedures.

Ms. Blomquist inquired why staff recommended write-off of the accounts listed in Category A concerning hardship cases. She expressed the belief that these accounts could be carried on the Agency books and additional collection efforts were made. The Agency could then anticipate some return on these. Mrs. Hale again noted that these write-offs were recommended in order not to distort the Agency's accounts receivable. She stressed that this write-off in no way hindered collection of the accounts, and if money were paid against the balances owed, the Agency would receive a portion of any amount paid. Mr. Mills indicated that a new collection service proposed by Transworld Accounts would utilize five to six collection letters prior to being referred to a collection agency. The firm had significant success with this procedure and the staff was considering employing its method before turning the accounts over to an agency. It appeared that Transworld would prepare the letters at a cost of \$5.50 per case rather than the 50 percent that would be paid to a collection agency for any rentals recovered. In response to Ms. Blomquist's inquiry, Mr. Mills indicated that the accounts in Category A would not be back before the Commissioners for further action.

Ms. Blomquist expressed concern that Mr. Arnold Townsend, Executive Director of WAPAC, was paid from public funds at \$23,000 a year and appeared to be unwilling to pay rent owed the Agency. Mrs. Rogers indicated that the action would only remove the rental amount from the Agency's books, not excuse him from paying the rent.

In response to Ms. Blomquist's inquiry about the amount being written off by the Kennedy Van and Storage account, Mr. Suttle indicated that this case was being pursued through a legal action. Ms. Blomquist commented that a large relocation payment had been made for this firm and it seemed inappropriate to write off its delinquent rent. She



NEW BUSINESS (continued)

suggested that the account be brought back before the Commissioners and Mr. Mills recommended that the account be written off and that he would report to the Commissioners on the outcome of the efforts to collect the rent through the courts.

ADOPTION: It was moved by Dr. Williams, seconded by Mr. Glickman, and unanimously carried that Category B of Resolution 151-78 (now called Resolution No. 202-78) authorizing write-off of certain delinquent rents where collection efforts have been unsuccessful, Yerba Buena Center, Western Addition A-2, Hunters Point, India Basin Industrial Park and Stockton-Sacramento Redevelopment Projects, be adopted.

ADOPTION: It was moved by Dr. Williams, seconded by Mr. Glickman, and unanimously carried that Category A of Resolution No. 151-78 (now called Resolution No. 151-78) authorizing write-off of certain delinquent rents as a result of documented hardship, Yerba Buena Center, Western Addition A-2, Hunters Point, India Basin Industrial Park and Stockton-Sacramento Redevelopment Projects be adopted, and on roll call the following voted "Aye":

Ms. Berk  
Mr. Glickman  
Mr. Lee  
Mr. Wexler  
Dr. Williams

the following voted "Nay":

Ms. Blomquist

and the following abstained:

None

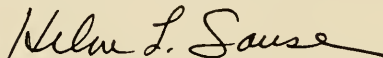
The President thereupon declared that the motion carried.

ADOPTION: It was moved by Dr. Williams, seconded by Mr. Glickman, and unanimously carried that Category C of Resolution No. 151-78 (now called Resolution No. 203-78) authorizing write-off of certain delinquent rents where there is no reasonable prospect of collection, Yerba Buena Center, Western Addition A-2, Hunters Point, India Basin Industrial Park and Stockton-Sacramento Redevelopment Projects, be adopted.

ADJOURNMENT

It was moved by Dr. Williams, seconded by Ms. Berk, and unanimously carried that the meeting be adjourned to an executive session. The meeting adjourned at 6:15 p.m.

Respectfully submitted,



Helen L. Sause  
Secretary



AUG 21 1978

MINUTES OF A REGULAR MEETING OF THE  
REDEVELOPMENT AGENCY OF THE CITY AND  
COUNTY OF SAN FRANCISCO HELD ON THE  
11TH DAY OF JULY, 1978

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The Commissioners of the Redevelopment Agency of the City and County of San Francisco met in a regular meeting at 939 Ellis Street in the City of San Francisco, California at 4:00 o'clock p.m. on the 11th day of July, 1978, the place, hour, and date duly established for the holding of such meeting.

The President called the meeting to order and on roll call the following answered present:

Howard M. Wexler, President  
Charlotte Berk  
Dian Blomquist  
Rubin Glickman  
Melvin D. Lee  
Dr. Hannibal A. Williams

and the following was absent:

Joan-Marie Shelley, Vice President

The President declared a quorum present.

Wilbur W. Hamilton, Executive Director, and staff members were also present.

Also present were Arnold Townsend, Mary Rogers, and Richard Harper, Western Addition Project Area Committee (WAPAC); Lyman Jee, Henry Poy, and Claude Gillespie, Arcon/Pacific-Campeau Corporation California; James Hennefer and Monsieigneur Armstrong, representing the San Francisco Roman Catholic Archdiocese; Cecil Duncan, Leroy Hogg, S. McDaniels, Leona Mitchell, Beverly Smithurst, Kathleen Nerney, Charles Smithurst, Shedrick Alvin McDaniels, Christopher McDaniels, D. Carole, Jerry Johnson, Brother Arnold, and Jerry Cahill, Sacred Heart School; Willa Jones, Bayview-Hunters Point Joint Housing Committee; Teall Henderson, San Francisco Coalition; Joseph Chow, architect; Donald Flynn, Burger King; Martin Shelly and Henry Lee, interested citizens.

Representing the press were Jerry Adams, San Francisco Examiner; and Dan Borsuk, San Francisco Progress.

APPROVAL OF MINUTES

It was moved by Ms. Blomquist, seconded by Dr. Williams, and unanimously carried that the minutes of the Regular Meeting of June 27, 1978, as distributed by mail to the Commissioners, be approved. It was moved by Mr. Glickman, seconded by Ms. Blomquist, and unanimously carried that the minutes of the Executive Meeting of July 5, 1978, as distributed by mail to the Commissioners, be approved.

SPECIAL APPEARANCES

- (a) Public hearing to hear all persons interested in the matter of the proposed transfer and conveyance of Parcel B-5, India Basin Industrial Park Approved Redevelopment Project Area.



SPECIAL APPEARANCES (continued)

President Wexler opened the public hearing to hear all persons interested in the matter of the proposed transfer and conveyance of Parcel B-5, India Basin Industrial Park Approved Redevelopment Project Area. There being no persons wishing to appear in connection with the matter, the President declared the public hearing closed.

- (b) Public hearing to hear all persons interested in the matter of the proposed transfer and conveyance of Parcel 738-B, Western Addition Approved Redevelopment Project Area A-2. There being no persons wishing to appear in connection with the matter, the President declared the public hearing closed.
- (c) Request by Arcon/Pacific Ltd. for (1) financing extension for the Market Street Office Tower; (2) consent to transfer contract rights to the joint venture with Campeau Corporation California; and (3) exclusive negotiating rights for the apparel mart site east of Third Street, Yerba Buena Center Approved Redevelopment Project Area.

Mr. Hamilton indicated that on July 7, 1978 the staff received material setting forth a three-part request from Arcon/Pacific Ltd., the developer of the Market Street Tower in Yerba Buena Center. This material is a request for an extension to December 31, 1978 for submission of financial evidence of the Market Street Tower, approval of a joint venture between Arcon/Pacific and Campeau Corporation California, and exclusive negotiating rights on an alternate site for construction of an apparel mart. In response to President Wexler's inquiry, Mr. Hamilton indicated that the developer had requested an opportunity to explain and expand upon aspects of the proposal the Commissioners may wish to know about. The matter will be calendared at the next regular meeting. It was believed this opportunity to ask questions would facilitate consideration of the matter.

Mr. Lyman Jee, of Arcon/Pacific, came forward and recalled that at the meeting of June 13, President Wexler had requested him to submit material regarding the joint venture. He indicated that the joint venture information had previously been turned down by the Commissioners because they had not accepted the submission of the package of material he had attempted to submit on June 13 for financing the apparel mart. Mr. Jee indicated that he had now submitted two letters in response to the Commissioners' request. These include information on the financing commitment of Campeau Corporation of Ottawa to Campeau Corporation California, and guaranteed completion of the project and also pledged a \$10 million letter of credit to insure equity and mortgage financing. Mr. Jee indicated that Campeau is a privately owned company with \$600 million in gross assets, but whose stock is valued in today's market at approximately \$1 billion. Mr. Jee indicated that the composition of the Arcon/Pacific development team is the same except for the addition of Campeau. He also noted that the proposal was in accordance with the Mayor's Select Committee on Yerba Buena Center. However, he stressed the importance of another apparel mart site being designated and expressed the belief that such a change would only delay the work six to eight months. He noted that there was to be a meeting with financial interests in New York, and although Arcon/Pacific could go without the extension or approval of another site, it would be more desirable to have some assurance that these requests were to be approved.





SPECIAL APPEARANCES (continued)

Mr. Jee indicated that the team had been working on the apparel mart for seven years, and expressed his disappointment that the Commissioners had turned down the proposal. He noted that Campeau has agreed to complete the project and there were over 25 permanent tenants that had signed leases who wished to continue. Mr. Jee indicated there were less than 20 who wanted to cancel their agreements. Mr. Jee indicated that Mr. Claude Gillespie, of Campeau, was present if there were any questions about Campeau's participation.

President Wexler inquired if Mr. Jee had resolved the problems within the Arcon/Pacific limited partnership, and if this was independent of any action the Commissioners might take. Mr. Jee answered that resolution of the partnership matters depended upon the Commissioners' action, and Agency General Counsel Leo E. Borregard concurred. President Wexler asked that Mr. Jee make the necessary information available at the next meeting, and Mr. Jee agreed to do so.

Dr. Williams asked if Mr. Jee's trip to New York to speak with the lenders would depend upon action on these requests. Mr. Jee reiterated that it would help if Arcon/Pacific could state that the matter was being reviewed for a forty to sixty day period since delays were due to a belated submission. If this is not possible, they will not be able to present as strong a case as they could with this assurance. Dr. Williams inquired if those members of the garment trade working with Mr. Jee were in accord with him, and he responded that at the last meeting the West Coast Salesmen's Association had been represented to request reconsideration of the apparel mart. Mr. Jee indicated it was not actually the garment industry, but specialized sales associations, and that they had been willing to attend today but Mr. Hamilton had believed it was unnecessary because they would be present at the next presentation.

President Wexler inquired if there were any recommendations from staff, and Messrs. Hamilton and Borregard responded that the agreement with Arcon/Pacific excluded such comment.

President Wexler thanked Mr. Jee for his presentation.

REPORT OF THE EXECUTIVE DIRECTOR

Executive Director Wilbur W. Hamilton reported to the Commissioners on the following matters:

- (a) The new Korean-American Church will have a groundbreaking ceremony at 11 a.m. on Saturday, July 15, 1978, at its new \$370,000 church site at Ellis and Webster Streets. The church will be known as the Full Gospel San Francisco Church.

NEW BUSINESS

- (a) Resolution No. 159-78 approving sale of Parcel B-5 to All City Moving and Storage, Inc., and minimum disposition price; ratifying and confirming publication of notice of public hearing; authorizing execution of agreement for disposition and other conveyance instruments in connection therewith, India Basin Industrial Park Approved Redevelopment Project Area.



NEW BUSINESS (continued)

Mr. Hamilton indicated that this was the subject of the public hearing just held and concerns the sale of Parcel B-5 at the southwest corner of Jennings Street and Cargo Way to All City Moving and Storage, Inc., for \$91,427 for 52,244 square feet. The company will develop a 9,800 square foot office building for its use and within five years will build an additional 10,000 square foot warehouse. The firm employs from 38 to 79 part-time workers and will increase employment by ten percent and will be offered to community residents. The Bayview-Hunters Point Joint Housing Committee has approved this proposal.

ADOPTION: It was moved by Ms. Blomquist, seconded by Mr. Lee, and unanimously carried that this resolution be adopted.

- (b) Resolution No. 160-78 ratifying publication of notice of public hearing for Parcel 738-B, and authorizing execution of agreement for disposition of land for private redevelopment and other conveyance documents in accordance therewith, Western Addition Approved Redevelopment Project Area A-2.

This item was the subject of the public hearing and concerns disposition of the 21,980 square foot Parcel 738-B at Van Ness Avenue and Willow Street for \$395,600 to Mr. Donald Flynn. Mr. Flynn will develop the site as a three-story building with a family-style restaurant at an estimated cost of \$900,000 and will employ from 75 to 100 hourly workers. The preliminary plans are to be submitted October 1, 1978, evidence of equity capital and mortgage financing by March 31, 1979, and construction is scheduled to start soon thereafter.

Dr. Williams inquired if Mr. Flynn was working with the Western Addition Project Area Committee (WAPAC) on affirmative action, and Mr. Arnold Townsend, of WAPAC, came forward and assured the Commissioners that Mr. Flynn was coordinating the development with WAPAC, not only during construction but also on the creation of an employment program for area-based youths after construction. Mr. Townsend noted WAPAC's support of Mr. Flynn's proposal. Mr. Donald Flynn, of the Burger King Restaurants, came forward and indicated that he would like to request that the compliance times be moved back to later dates to permit him to obtain tenants for the commercial space on the two upper floors of the building. He believed that the building could be of better quality if built to suit a particular tenant. He requested that the preliminary plans be submitted on January 31, 1979 instead of October 1, 1978, and that satisfactory plans go in on April 30, 1979 instead of January 2, 1979. Evidence of mortgage financing and equity capital would be submitted on July 31, 1979 in place of March 31, 1978, and construction would then commence after July 1979. President Wexler asked Mr. Hamilton for a recommendation on this proposal, and Mr. Hamilton responded that it was not unusual to have a schedule allowing a developer this amount of time. Mr. Hamilton indicated that he had no objection.

Mr. Glickman asked if there were any renderings of the building design, and Mr. Flynn indicated that Mr. Piero Patri, who is the project's architect, had prepared a concept rendering of the exterior of the building. Mr. Glickman requested that the Commissioners be allowed to see the



NEW BUSINESS (continued)

preliminary plans before they were approved. Mr. Flynn indicated he could do the building on a speculative basis to suit a specific tenant, and the way it was built would have some affect on the overall quality of the building. Mr. Glickman indicated that his request was based upon the fact that the building is prominently located on Van Ness Avenue, and he believed it should enhance the area from an esthetic viewpoint. Mr. Flynn agreed and noted that he was working with the Agency's architectural staff, and that his architect, Mr. Patri, was an expert in restaurant design.

President Wexler inquired if there was any problem with this requirement, and Mr. Hamilton replied that the staff review includes evaluation of the plans for conformance with the Agency's architectural standards set forth in the Agency's redevelopment plan. Mr. Glickman indicated it was not his desire to delay the development, and he wished to know if the exteriors of the building would be affected if the building was built speculatively. Mr. Flynn responded that there was this possibility. Dr. Williams believed that the Agency's architectural standards and policies were higher than those normally applicable and Mr. Hamilton concurred. He indicated that the matter of esthetics was included in the evaluation, but if the Commissioners' approval was required, the disposition agreement would have to be amended to include this provision. Dr. Williams indicated his trust in the staff's higher standards.

Mr. Lee indicated that there were different architectural standards for the interior and for the exterior of the building, but the latter was a matter of staff evaluation. Mr. Lee questioned Mr. Flynn's estimate of \$800,000 to \$900,000 and asked if this were a finished building. Mr. Flynn responded that this was the architect's estimate of construction costs. Mr. Glickman reiterated his concern about the esthetics for this particular location.

President Wexler indicated that it appeared the disposition agreement would require modification with respect to the submittal dates, and specifying the design review would be transferred from the routine process and put within the Commissioners' review. Mr. Borregard indicated that architectural standards are a part of the Agency's review process and are not mechanical and stressed that esthetic considerations are involved. Mr. Glickman again indicated his desire to see the preliminary plans of the building. Mr. Borregard indicated it could be made clear that the Agency's approval of the preliminary plans would include the Commissioners' review and the time schedule changes requested by Mr. Flynn could be incorporated with no objections.

MOTION: It was moved by Dr. Williams, seconded by Ms. Blomquist, and unanimously carried that the amendment of submittal dates of January 31, 1979, April 30, 1979, and July 31, 1979 requested by the developer of Parcel 738-B, Mr. Donald Flynn, be incorporated into the disposition agreement.

Mr. Borregard indicated that Mr. Quintin McMahon, Chief of Real Estate, had just informed him that the agreement has not been executed yet so the change could be made without modifying the resolution.

President Wexler indicated that Mr. Glickman's request indicated that at such time as the developer submits his plans, these be brought before



NEW BUSINESS (continued)

the Commissioners for review. Mr. Flynn asked if they could make their review at the preliminary plan stage, so that if there are changes they could be made without major modifications, and Mr. Glickman indicated his agreement. Mr. Borregard suggested that on whatever date Mr. Flynn submits his preliminary plans, these be made subject to the Commissioners' review and approval.

MOTION: It was moved by Mr. Glickman, seconded by Mr. Lee, and unanimously carried that an amendment be made requiring that at such time as the developer of Parcel 738-B, Mr. Donald Flynn, submits his preliminary plans, these be made subject to review by the Commissioners.

ADOPTION: It was moved by Dr. Williams, seconded by Ms. Blomquist, and unanimously carried that this resolution be adopted.

- (c) Resolution No. 161-78 rejecting the single bid received for the Victorian Square parking lot, Western Addition Approved Redevelopment Project Area A-2.

This was the subject of the public hearing just held and concerns rejection of the one bid received for a Victorian Square parking lot bid which was 100 percent over staff's estimate. Staff has checked with contractors who indicate that if the job were rebid, more firms would respond. Mr. Lee asked when it would be readvertised and Mr. Hamilton replied it would be within two weeks. Mr. Lee believed that during the summer months prices were usually higher and asked if it could be delayed one month. Mr. William McClure, Director of Rehabilitation, responded that although this was true, the parking lot was needed and must be completed to serve the businesses operating in the square, and Mr. Hamilton concurred.

ADOPTION: It was moved by Ms. Blomquist, seconded by Ms. Berk, and unanimously carried that this resolution be adopted.

- (d) Resolution No. 162-78 approving and authorizing the Executive Director to execute Change Order No. 22-b-1 to Site Improvement Contract No. 22b, Hunters Point Approved Redevelopment Project Area.

This item concerns execution of a change order of \$17,739 to Site Improvement Contract No. 22b in Hunters Point, for provision of a widened mall access to the playfield on Fairfax Avenue from 41 feet to 64 feet. The price was arrived at from analysis of similar unit price work for other contracts in the area.

In response to an inquiry from Ms. Blomquist, Mr. Frank Cannizzaro, Chief of Engineering, indicated that there was a change in plans, not a discrepancy, which had resulted from a change by the City in regard to accepting maintenance of the vacated street. This led to the Agency designing the improvements so that private developers would complete and maintain a portion of the street. We subsequently concluded that it would be best if we constructed the landscaping for the entire width of the street. Mr. Lee asked about the cost breakdown and Mr. Cannizzaro responded that this was arrived at by evaluation of unit costs for comparable work in the area.

ADOPTION: It was moved by Mr. Glickman, seconded by Mr. Lee, and





NEW BUSINESS (continued)

unanimously carried that this resolution be adopted.

- (e) Resolution No. 163-78, authorization for the final payment to the Chief Administrative Office for the Agency's share of the Final Environmental Impact Report cost for Yerba Buena Center Approved Redevelopment Project Area.

This requests authorization to pay \$40,000 for the Agency's share of the costs of the printing of the Final Environmental Impact Report and public hearings for the Yerba Buena Center Project. The City has paid in excess of 50 percent of all costs. Ms. Blomquist commented that the process was expensive and she did not believe the product justified the expense.

ADOPTION: It was moved by Mr. Glickman, seconded by Mr. Lee, and unanimously carried that this resolution be adopted.

- (f) Consideration of the status of the affirmative action program for the Sacred Heart School, Western Addition Approved Redevelopment Project Area A-2.

Mr. Hamilton indicated that the affirmative action program for the Sacred Heart School had been discussed last week and a legal opinion was sought from Mr. Borregard on the legal ramifications of the proposal. Mr. Borregard had determined that the Roman Catholic Welfare Corporation of San Francisco had met their obligations under the terms of the disposition agreement, which requires compliance for that portion of the site acquired from the Agency. Any compliance beyond that is a question of negotiation and moral consideration in Mr. Borregard's opinion. Mr. Hamilton noted that the Roman Catholic Church takes the position that it has complied with the disposition agreement for the portion of land involved.

RULE OF THE CHAIR: President Wexler ruled that subject to objections of the Commissioners, representatives of both the Church Welfare Corporation and the Western Addition Project Area Committee (WAPAC), and others, may comment if they desire on new material not considered or heard at last week's meeting. There being none, it was so ordered.

Mr. James Hennefer, attorney representing the Welfare Corporation, came forward and indicated that this matter was not a question of legal compliance but rather what job opportunities would be made available for the Western Addition and how many opportunities will be provided for the participation of minority subcontractors. The affirmative action provisions in paragraphs 16 and 17 of the land disposition agreement refer to implementation of the Federal law in the former and to a 50 percent goal in the latter paragraph, and it is the latter goal that is at issue. Mr. Hennefer indicated that just because the goal is mentioned in the agreement does not mean that it will be achieved. He indicated, also, that the Church wished to provide jobs in the community. He commented that he had been approached by individuals indicating that a full time person should be on the job site to insure the affirmative action provision. The Church has made funding available for such a position to be filled by someone who would be responsible for getting jobs for people, and Mr. Arnold Townsend, of WAPAC, had indicated his approval of this approach.

Ms. Blomquist believed that this was WAPAC's role, and she saw no necessity for the Church to do WAPAC's job on affirmative action. Mr. Hennefer



NEW BUSINESS (continued)

believed that if a person had specific responsibility in providing affirmative action, it would reinforce the Church's regard for the importance of that need. He indicated this requirement was not contained in the disposition agreement.

Dr. Williams believed this could be helpful if the proper person were found who could work both with the Church and the community in obtaining positions for residents of the community. He expressed concern, however, that it not appear that an outside individual was taking advantage of the situation, and Mr. Hennefer agreed that a "front man" was not desired.

Mr. Lee inquired if Mr. Hennefer had spoken with the Black Business Association, and Mr. Hennefer answered affirmatively, noting that he had also contacted Mr. Jerry Johnson. In addition, he had asked the staff for a list of minority subcontractors. Ms. Blomquist asked if the only change now proposed by the Church was the hiring of an affirmative action person. She expressed her belief that this was not acceptable because the Agency and WAPAC already had staff to enforce affirmative action procedures.

Mr. Townsend came forward and indicated that there were additional considerations but he had no problem with the Church's proposal to hire an affirmative action officer. This did not relieve WAPAC or the Agency staff from its responsibility. He stressed that WAPAC still wanted the 50 percent requirement with which every builder in A-2 has complied. Mr. Townsend indicated that whenever the 50 percent hiring is unavailable, then a training program has been established. He indicated that since the Church was working within a restrictive budget, WAPAC would not ask that a training program be provided but only that the 50 percent community hiring requirement be adhered to for apprentices and journeymen. Mr. Townsend did not believe this should cost extra money or be a problem. He did not understand why the Church found it difficult to accept the 50 percent requirement. He indicated it was not WAPAC's wish to increase costs, but it did wish to see the school built and the affirmative action goal achieved. He concluded that the issue was one of moral responsibility but conceded that the Agency's hands may be tied legally.

Mrs. Mary Rogers, of WAPAC, came forward and asked why there should not be a legal obligation, and Mr. Hamilton responded that the affirmative action requirement in the disposition agreement pertained only to the particular parcel disposed of by the Agency and has no relationship to the remaining 75 percent of the school sites. Mrs. Rogers indicated her disagreement and read from the document. Mr. Hamilton reiterated that the land disposition agreement referenced a specific parcel and defines the program for only that parcel which is not the entire school site. In response to President Wexler's inquiry, Mr. Borregard indicated that it was at the discretion of the Commissioners as to whether they wished him to respond to Mrs. Rogers' point.

RULE OF THE CHAIR: President Wexler indicated that subject to any objections from the Commissioners, Agency Counsel Borregard would present his legal opinion on this matter. There being no objection, it was so ordered.

Mr. Borregard indicated that the land disposition agreement concerns a particular parcel conveyed to the Church by the Agency and comprises



NEW BUSINESS (continued)

25 percent of the entire school site. There was no question that the disposition agreement mentions improvements on that section which could appear to describe the entire improvements, but there are other sections in the agreement which relate the provisions to only the property conveyed by deed. Mr. Borregard noted that there could be some question as to the intent of the parties when the disposition agreement was agreed to whether it applied to all or only a portion of the improvements. He believed that it only covers the portion conveyed by the Agency with respect to the affirmative action requirements. It appeared that there is a misunderstanding regarding the 25 percent affirmative action program, and that only 12-1/2 percent is required. The Church relied on these requirements in getting subcontractors to determine prices, and although there is some ambiguity, in Mr. Borregard's opinion only the parcel conveyed by the Agency is covered.

Mrs. Rogers suggested that if there was any ambiguity, specific language should be required in future contracts. She alleged that this has taken five years and now the Cahill Construction Company does not wish to honor an affirmative action plan. She believed it was the decision of Mr. Cahill and indicated that the school would not be built if the 50 percent figure were not honored.

Mr. Jerry Johnson, of the Black Business Association, came forward and indicated he had discussed the matter with Mr. Hennefer. He indicated that it could not be refuted that an affirmative action requirement was part of the contracts and disposition agreement since it was an obligation of the Agency that this be implemented by law. He believed it was a problem of minority subcontractor participation and urged that minority contractors be utilized to the maximum.

Mr. Glickman indicated that Mr. Borregard had taken the position that the Church had complied with the affirmative action requirements and asked if Mr. Johnson were directing his comments otherwise. Mr. Johnson indicated that there was no disagreement with the disposition agreement, and that participation of residents should be at whatever maximum level was feasible. Mr. Glickman asked Mr. Johnson if he believed the Church had complied, and he replied that he did not know the position of the Church since this was the first time he had heard the issue. President Wexler asked if staff had any comments.

Mr. Hamilton indicated that staff had relied on precedent in dealing with this situation which was similar to others wherein agreements were negotiated to provide an appropriate compliance for the parcel acquired from the Agency. These had been agreed to by WAPAC.

Mrs. Rogers inquired if Willow Street had been vacated for use of the school, and Mr. Hennefer responded that to his present knowledge it had not. He commented, however, that a space was needed for the students and it was anticipated that this could serve as a landscaped plaza open to the public. Mrs. Rogers asked if it was vacated and incorporated for use by the school whether this area would comprise more than 25 percent of public land to be used by the Church. She claimed WAPAC had not seen the document signed by Mr. Earl Mills, Deputy Executive Director for Community Services, two weeks ago. She indicated WAPAC wants a 50 percent requirement on crafts on



NEW BUSINESS (continued)

the site and if Mr. Cahill does not wish to do this, then some other contractor should have the job. Mr. Townsend indicated there were a number of inconsistencies such as the affect of vacating the street. He reiterated his opinion that costs should not increase when a qualified minority worker from the community was hired. He also believed that Mr. Borregard could have decided either way in connection with the contract and disposition agreement. He indicated people would have to be told that they cannot work on the school because the Church's contractor believes it will cost more to use community people.

Ms. Blomquist expressed her belief that the Church has a moral obligation to meet the affirmative action goals and that Mr. Cahill should fulfill this responsibility to the community by hiring 50 percent community residents.

MOTION: It was moved by Ms. Blomquist and seconded by Dr. Williams that the Roman Catholic Welfare Federation comply with the 50 percent community hiring requirement.

Dr. Williams indicated that he believed the Church had to accept a moral responsibility to provide for its parishioners. He believed the Church was not providing job opportunities and that the Agency also had a moral responsibility to see that this was done. He believed a motion should be made to rescind the disposition agreement unless the Church complied with the 50 percent requirement.

Mr. Glickman indicated that he had given serious consideration to the issues and concurred with Dr. Williams. He indicated that there appeared to be an area of interpretation of the disposition agreement which was executed by the staff clarifying the issue in question in the original contract. He asked if this was not a legal and binding agreement made subsequent to the original contract that would subject the Agency to act in the fact of any binding agreement. Mr. Borregard responded that the disposition agreement included two paragraphs as previously mentioned regarding affirmative action compliance with the federal statute and to the 50 percent goal. Mr. Borregard stressed this was a goal in concept subject to economic feasibility and good faith effort on the part of the developer. There was a reference to a training program in the event the goal could not be filled. He indicated that the agreement Mrs. Rogers was speaking about was relative to the entire affirmative action program for this particular construction job. The agreement addressed not only matters of compliance with federal law, but also goals to be met under Section 17. Mr. Borregard indicated his understanding that the disposition agreement only required a goal of 12-1/2 percent on the overall site, since the parcel sold by the Agency constituted only one-quarter of the school site, and after negotiation the goal was increased to 25 percent. Other matters were also agreed to as part of the entire affirmative action program, and since this exceeded the legal requirement staff had signed this agreement. Mr. Glickman commented that the Agency was then legally bound by the agreement. Mr. Borregard concurred and noted that it would be difficult to set aside such agreement. Mr. Lee commented that there appeared to be two sides to the issue, one concerning the legal obligation by the Commissioners and the other being a moral obligation of the Church. In referring to the previous cases mentioned by Mr. Hamilton, Mr. Lee





NEW BUSINESS (continued)

inquired if this matter could also be settled by negotiation. He wished to see the school developed.

Mr. Hennefer responded that from the beginning there has been no question of evading the moral obligation to provide an affirmative action program and noted that Mr. Cahill had modified his original proposal of a 10 percent program to agree to the 25 percent. He indicated that the Church had discussed the 50 percent goal but was concerned that there will be no school because the job would have to be rebid, and it was expected it would be at a higher cost. The question is how far the Church can go and still keep the project viable. Ms. Blomquist believed the Church had an obligation, and if Mr. Cahill could not live up to the 50 percent goal, then another contractor should be sought. Mr. Hennefer indicated that the work would have to be rebid.

President Wexler asked Mr. Hennefer why he believed there would be an increase if the 50 percent goal is adopted by the Church, and he replied that the subcontractors will claim the project is a different one and that their bids had been submitted at the beginning of this year, and since then prices have increased 9 percent. If rebid, the percentage may increase and he was concerned that the funds raised by the Church through donations would be inadequate. The subcontractors have already informed the contractor that if there is a 50 percent goal the costs will be higher. Mr. Hennefer stressed that the Church had operated on the assumption that it had obtained approval of the Agency and that it did not have to attain a 50 percent affirmative action goal but was providing opportunities for people to work. He believed that it was difficult to start over again to obtain new bids when construction had already been delayed. He expressed concern about an increase in funds creating a shortage in the budget for the school.

Ms. Berk indicated her understanding of the effects of delays, but she questioned why the 50 percent affirmative action requirement imposed a hardship on the subcontractors. She understood the 50 percent figure was only a goal, and, if it was unfeasible, then the subcontractors would hire whatever men were available. Mr. Hennefer confirmed that this was a goal and believed that it was important to include the phrase, "where feasible." Mr. Glickman commented he did not understand why the affirmative action program would cost more, and Mr. Hennefer indicated it was higher because the subcontractors will raise their prices. Ms. Berk asked why the job had to be rebid because it has not changed, and Mr. Hennefer responded that the subcontractors were under a 12-1/2 percent, then a 25 percent requirement, and if a 50 percent affirmative action demand is imposed, they will claim it was not the same job they bid upon.

President Wexler indicated there was another alternative available and suggested that rather than rebid the job, the Church could ask the subcontractors to substantiate any increases they proposed. He believed the subcontractors would find it difficult to establish any increases because of a change from 25 percent to 50 percent in affirmative action goals. He suggested that the matter could be made subject to arbitration, and the burden of proof would fall upon the subcontractors. President Wexler indicated change orders could be used, but Mr. Hennefer responded that although these were available during the course of construction,



NEW BUSINESS (continued)

the job has not yet started. President Wexler noted that he did not believe the subcontractors' bonding companies would allow subcontractors to walk off the job over the 25 percent increase. Mr. Hennefer indicated that if the subcontractors increased their bids, the school would not be built.

In response to Mr. Glickman's inquiry, Mr. Hennefer indicated that all work must be in compliance with the Agency's affirmative action program.

Mr. Glickman questioned whether there was compliance in the job specifications, and Mr. Hennefer indicated there was but only to the extent established by the disposition agreement. Mr. Glickman indicated he would vote against the item because the Agency's affirmative action requirement was 50 percent and he did not want to see that standard violated. President Wexler suggested that the contractor comment.

Mr. Jerry Cahill came forward and indicated in answer to President Wexler's question that the contractor and the subcontractors were prepared to comply with hiring requirements at the 25 percent level which had been arrived at through negotiation. Mr. Cahill indicated that the company had worked to achieve the 25 percent goal in the bids finally received. President Wexler asked about using a change order procedure to raise this to 50 percent and placing the burden of proving the increased costs on the subcontractors. Mr. Cahill indicated this could be done but it would represent a change in the general conditions which was a nebulous area, because it was not added into the specifications as a physical item. He indicated it was subject to argument. President Wexler indicated that no training programs were being required but only a goal based upon availability of craftsmen. Mr. Cahill indicated that he understood a new work force would have to be brought in for use on this job. He indicated it would be difficult to substantiate the cost of that kind of change and that the Cahill crew was experienced so it would be costly to hire people who were unfamiliar with the way the current crews proceed. In response to President Wexler's question, Mr. Cahill indicated that there were from 20 to 30 permanent workers in his crew, but it depended on the workload as to how many would be employed. He indicated some workers would be hired for this job. President Wexler asked if 10 to 15 people were hired, would the costs increase, and Mr. Cahill responded affirmatively.

Mr. Lee did not understand why the 50 percent goal was a problem to a large contractor, and Mr. Cahill responded it primarily presented a problem for the subcontractors. Mr. Cahill indicated that he had believed this was a private job, and Mr. Glickman asked him how he came to believe there would not be any requirements. Mr. Cahill indicated that initially the specifications had stated this job would conform to redevelopment specifications and there was no specific requirement that people had to be hired from the Western Addition area. Mr. Glickman indicated the job was governed by Agency requirements and Mr. Cahill responded this was not made clear to him, and he had believed this was wholly Church-owned property. He indicated that when the job was initially bid in August there were no requirements, and he believed that the subcontractors would regard the 50 percent goal as a change in specifications. The job was rebid in April with the prices being valid from 30 to 60 days, and in some cases the prices held and in others they were higher. Mr. Hamilton indicated the affirmative action agreement was signed on May 19, 1978,



NEW BUSINESS (continued)

and Mr. Cahill stated that nothing formal was written into the specifications in April regarding the affirmative action, but the subcontractors had been advised that there would be a 12.5 percent requirement.

Monseigneur Armstrong, of the Roman Catholic Archdiocese, came forward and indicated that the Church was sensitive to the affirmative action and to community needs, but it was acting in good faith in relying on the program signed by the staff. The Church has not received the best support from the Catholic community for this project, and the cost of the school has now risen from \$3 million to \$4.4 million, and if there are additional costs the whole project could be jeopardized. He believed there should be some provision that if the bids come higher, the Church will have the opportunity to reconsider the project. He agreed on the moral obligation, but noted the obligation also applied to those who had donated their money and stressed his belief that there was no way to raise additional funds. Ms. Blomquist asked if the bids were competitive, and he replied they were negotiated. President Wexler indicated he understood the Church's dilemma but he also understood the community's concern about jobs. He suggested that rather than rebid the job, an attempt could be made to find out if the prices would hold, and if there was an increase, the subcontractors could be asked to prove their basis for requesting price increases. President Wexler believed any contractor would find difficulty in showing increases in costs because of meeting 50 percent hiring requirements. Monseigneur Armstrong indicated the Church would work to do this but stressed his belief that the Church had acted in good faith and waited five years to get to this point of building. Monseigneur Armstrong indicated that the Church had been dealing with the Agency staff and that had been their authority. Mr. Glickman suggested following President Wexler's suggestion to negotiate an agreement on the 50% with the subcontractors and Mr. Cahill.

MOTION: It was moved by Ms. Blomquist and seconded by Dr. Williams that the discussion be closed, and on roll call the following voted "Aye":

Ms. Blomquist  
Dr. Williams

and the following voted "Nay":

Ms. Berk  
Mr. Glickman  
Mr. Lee  
Mr. Wexler

and the following abstained:

None

The President thereupon declared that the motion failed.

Mr. Hennefer agreed that he would do whatever was possible to obtain the 50 percent requirement. A member of the community, a Mr. Hoag, came forward and indicated that the issue was an involved one and that he was for the affirmative action but also wished to see the school built because



NEW BUSINESS (continued)

it served the young people of the community.

Mr. Hennefer indicated an attempt would be made within the week to follow through with President Wexler's suggestions but requested that a motion be made to clarify the Commissioners' position. President Wexler indicated that the motion before the Commissioners would then be that the Agency would modify its agreement with the Roman Catholic Welfare Corporation to state that a 50 percent community hiring policy would be adhered to as a goal on the entire school construction project, including the land not disposed of by the Agency. President Wexler also indicated that the language referring to employment of low-income residents or residents for 90 days will be accurately set forth. Mr. Borregard indicated that this could be incorporated in the motion. Ms. Blomquist indicated that she only proposed a vote on the 50 percent requirement, and President Wexler indicated that there was no basis for the motion if it did not modify the existing program. Mr. Borregard indicated it should be part of the motion. Mr. Borregard indicated this aspect of the 25 to 50 percent requirement was only one part of the entire affirmative action program. Mr. Mills concurred and indicated that the Commissioners could rescind the entire program, and President Wexler indicated his understanding that the motion was intended to modify the existing program. Mr. Borregard indicated both parties had signed the existing affirmative action agreement and suggested that nothing would be gained if the program were disallowed. President Wexler indicated that the question was a motion that would have the Commissioners stating that their interpretation of the existing agreement requires a 50 percent goal, and that they believed Section 17 should pertain to the entire project including the land not conveyed by the disposition agreement.

MOTION: It was moved by Ms. Blomquist, seconded by Dr. Williams, and unanimously carried that the affirmative action program agreed to by the Roman Catholic Welfare Corporation and the Agency be amended to require a 50 percent hiring policy for Western Addition low-income residents or residents of the community for 90 days for the entire construction project of the Roman Catholic High School, WA A-2.

At this point, 7:15 p.m., Ms. Blomquist excused herself from the meeting.

Mr. Hennefer indicated that the Church was not foregoing any rights under that agreement, and President Wexler indicated that he would look forward to having a report on the matter soon.

MATTERS NOT APPEARING ON AGENDA

- (a) Resolution No. 164-78 for travel authorization.

Mr. Hamilton indicated that this was a request for his travel to Washington, D.C. on July 14, 1978 to attend a one day session on housing rehabilitation sponsored by HUD. He indicated that the City had imposed certain limitations on travel but he regarded this trip as one considered essential to the Agency's functions.

ADOPTION: It was moved by Mr. Glickman, seconded by Mr. Lee, and unanimously carried that this resolution be adopted.





ADJOURNMENT

It was moved by Ms. Berk, seconded by Mr. Lee, and unanimously carried that the meeting be adjourned to executive session. The meeting adjourned at 7:15 p.m.

Respectfully submitted,



Helen L. Sause  
Secretary



AUG 29 1978

MINUTES OF A REGULAR MEETING OF THE  
REDEVELOPMENT AGENCY OF THE CITY AND  
COUNTY OF SAN FRANCISCO HELD ON THE  
18TH DAY OF JULY 1978

DOCUMENTS DEPT.  
F. P. M. L. 03154

The Commissioners of the Redevelopment Agency of the City and County of San Francisco met in a regular meeting at 939 Ellis Street in the City of San Francisco, California, at 4:00 o'clock p.m. on the 18th day of July 1978, the place, hour, and date duly established for the holding of such meeting.

The President called the meeting to order and on roll call the following answered present:

Howard M. Wexler, President  
Charlotte Berk  
Dian Blomquist  
Rubin Glickman  
Melvin D. Lee  
Dr. Hannibal A. Williams

and the following was absent:

Joan-Marie Shelley, Vice President

The President declared a quorum present.

Wilbur W. Hamilton, Executive Director, and staff members were also present.

Also present were Arnold Townsend, Mary Rogers, and Richard Harper, Western Addition Project Area Committee (WAPAC); Willie McDaniel and Teall Henderson, San Francisco Coalition; Gerald Johnson, Black Businessmen's Association; John Elberling, TODCO; James Hennefer, Beverly Somethurst, and Gerald Cahill, Sacred Heart School; Harold Moose and Byron Nishkian, developers; Michael O'Neill, builder; Joseph Paretti and Ann Park, artists; Clarence Brewer, Malcolm X Educational Center; Eric Carmichael, L. House, Ozelle Sanders, Kevin Houston, Zena James, N. Atkins, L. Brooks, C. Mason, Pamela Stephens, Dana Head, Nona Smith, Samir Dawan, O. Singleton, Janice Coleman, L. Grier, Renee Jackson, Eva Peace, Adrienne Hollier, Anthony Stacy, Kenneth Johnson, Mario Moore, Melba Holden, K. Cotton, Kevin Johnson, Randall Leggett, F. Tourraine, and Lisa Talbot, African-American Historical Cultural Society; and Charles Walker, interested citizen.

Representing the press were Marshall Kilduff, San Francisco Chronicle; Jerry Adams, San Francisco Examiner; and Dan Borsuk, San Francisco Progress.

SPECIAL APPEARANCES

President Wexler announced that at the request of Arcon/Pacific, Ltd., Item 9(e) on the agenda will be continued until July 25, 1978.

- (a) Report on the status and progress of Messrs. Byron Nishkian and Harold Moose concerning their continuing interest in the N/W corner of Fourth and Howard Streets, Yerba Buena Center.

Mr. Hamilton indicated that Messrs. Harold Moose and Byron Nishkian have been working to develop the parcel at the northwest corner of



SPECIAL APPEARANCES (continued)

Fourth and Howard Streets in Yerba Buena Center to provide a downtown education facility for the University of California Medical Center. This facility will provide for continuing medical studies and related support activities. He noted that the report on the developers' progress was required two weeks earlier but extra time was needed because of a recent development. Mr. Hamilton indicated that Messrs. Moose and Nishkian were present as well as Mr. Stern, Dean of the Business Administration Extension School, and they wished to report on the status of the commitments to use the site.

Mr. Byron Nishkian came forward and indicated that on March 28, 1978, he had reported to the Commissioners on the proposed project which was basically to be developed as a continuing education facility for the medical sciences school of the University of California. Although it is anticipated that the medical school continuing education facility may be the proposed tenant, there have been some changes. One issue which has affected everyone was the passage of the Jarvis-Gann initiative, Proposition 13. This measure does not directly affect the funding for the University since its monies come from the general fund; however, it is indirectly affected by the bill. For this reason the school has become cautious about undertaking commitments at this time and is considering carefully what its needs are. He indicated that Dean Stern had proposed contacting the various departments at the University in Berkeley to ascertain their interest in the parcel and that it appeared many are eager to move into this more centrally located site. Dean Stern has provided a letter expressing this interest and Mr. Nishkian indicated the Dean's desire to have the continuing education program of the various departments combined in one place. Mr. Nishkian indicated that this added a new dimension to the whole project. There was also the possibility of forming a new corporation which would build the facility and obtain commitments from the various schools to lease it. The University would then be relieved of the necessity of a long-term commitment which it was hesitant to enter into because of Proposition 13. He stressed that all of the professional disciplines, such as architects and engineers, are now giving extension courses and that these are becoming mandatory by law for all professionally licensed individuals in the state. All will ultimately have to take these continuing educational courses.

The concept of the corporation developing the facility is favored because the University will agree to use the space. Mr. Nishkian indicated that during the next few months they would like to explore this approach with Dean Stern and contact the various schools on the campus and professional associations to ascertain their commitment to such a program. The program could be developed and the interest in it determined by the end of the year. Mr. Nishkian noted that he had discussed the program with the project manager of the School of Medicine and he had indicated that it appeared there was a change in the attitude of the school officials which had been pessimistic following the passage of Proposition 13 and the school is becoming interested in the project as originally proposed. Mr. Nishkian anticipated having a plan developed for the Commissioners' review before the end of the year with a letter of intent from the interested



SPECIAL APPEARANCES (continued)

parties. He indicated that such continuing educational facilities were also needed by many large businesses who are facing the same problem as the professional associations because they too must provide facilities for continuing education.

Dr. Williams noted that he had been impressed about the proposal to develop a concentrated program for continuing education in the medical field which would draw people from all over the world. He expressed concern that this idea may now have been dropped and inquired if the original program were abandoned and whether new developers were being sought. Mr. Nishkian responded that he had not intended to imply that the concept was changed and noted that it was anticipated that the medical position will continue to be the main occupant. The problem was primarily that the amount of square feet originally to be used was larger than it now believed was needed and the building would house other educational facilities as well. The courses will still be given which will appeal to the entire medical profession in the United States.

President Wexler inquired about the corporation Mr. Nishkian had spoken of which would lease space to the various schools and asked how this corporation would be formed, if it would be a private entity, and who would head it. Mr. Nishkian responded that these aspects were not yet determined. In response to President Wexler's inquiry, Mr. Nishkian indicated that the financial strength of the corporation would come from the leases with the schools and lending institutions would evaluate these leases to determine whether the project was feasible.

Mr. Harold Moose came forward and indicated that the mortgage institutions would be able to project the cash flow from the leases and determine that it was sufficient to finance this facility. He believed the Jarvis-Gann bill was only a psychological barrier and this will be a self-supporting facility from money paid by tuition. Mr. Nishkian indicated that all facilities now are paying rent for their present locations and their budgets included an allowance for rents. The concept would enable many scattered functions to be placed into one facility.

Mr. Hamilton indicated that Mr. John Elberling, Director of the Tenants and Owners Development Corporation (TODCO), had sent a letter, dated July 11, 1978, to the Agency requesting its consideration of an exchange of TODCO's Housing Site 3 for the site proposed for the continuing education facility. Mr. Hamilton indicated that the Agency was committed to finding a replacement site for TODCO because Site 3 has been determined unsuitable for construction of elderly housing because of its proximity to the freeway and because of the poor soils condition.

Mr. Elberling indicated that TODCO was interested in the Nishkian-Moose site at Fourth and Howard Streets because it was a suitable location for the TODCO housing and he requested that it not be given to another





SPECIAL APPEARANCES (continued)

developer. He indicated that the Department of Housing and Urban Development (HUD) had 95 Section 8 subsidized units set aside San Francisco which would permit TODCO to develop the site. It is necessary to file an application for this funding soon. Mr. Elberling indicated that in order to file an application it is necessary to have evidence that the site is available to TODCO for development. After HUD approval of the application, it is then necessary to demonstrate site control. He requested that the Commissioners take no action to make Nishkian and Moose the developers. He indicated that it appeared they were seeking new clients because the medical interests had backed out and that they were now working with the University of California at Berkeley which is a different entity. He believed it was unfair to tie up the site with this developer and urged that the Agency permit TODCO to develop the parcel.

President Wexler indicated that there was no designation for developer rights on the site at present and that all the Agency had done was to defer putting the property out for public bid to allow Mr. Nishkian, who owns land adjacent to the site to perfect his proposal to develop both sites. Mr. Elberling indicated that the Agency needed to state that the site was available in order for TODCO to apply for HUD funding. President Wexler inquired if Mr. Elberling was asking that the Agency consider designating TODCO for development of the parcel without recognizing the efforts made by Mrssrs. Nishkian and Moose and giving them additional time. Mr. Elberling indicated that he would like TODCO to have an equal opportunity as Mr. Nishkian to develop the parcel and wished to be able to inform HUD the site was not yet committed to any other developer.

Ms. Blomquist asked if the existing building were owned by the Agency and Mr. Hamilton answered negatively, noting it was owned by Mr. Nishkian. He indicated he had met with Dean Stern and discussed the interest of the extension school in this proposal and believed the U. C. Business School had an even stronger interest than the medical school. Mr. Hamilton recommended that additional time be granted to pursue this. He noted that Mr. Elberling's letter had just been received today indicating TODCO's interest in the site for development of housing for the elderly and that staff had not evaluated this request. Mr. Hamilton suggested that the Yerba Buena Center plan be studied for the purpose of determining if this were the most suitable site to substitute for the TODCO housing. It was his belief that this was a suitable site for a downtown continuing educational facility and for this reason suggested that the matter be continued until the matter could be evaluated. President Wexler indicated that the matter had not been calendared for action and was only a presentation, since the site was not designated for a particular developer; therefore, further discussion could be calendared when Mr. Hamilton had additional information.

Ms. Blomquist asked Mr. Elberling when he needed an answer in order to file an application with HUD and he replied that the deadline was August 18, 1978.



SPECIAL APPEARANCES (continued)

RULE OF THE CHAIR: President Wexler indicated that if there were no objections from the Commissioners the matter would be evaluated by staff and calendared when a recommendation was formulated. There being no objection, it was so ordered.

- (b) Public hearing to hear all persons interested in the matter of the proposed transfer and conveyance of Parcel 684/E-4 and a share in the Victorian Square parking lot, Western Addition Approved Redevelopment Project Area A-2.

President Wexler opened the public hearing to hear all persons interested in the matter of the proposed transfer and conveyance of Parcel 684/E-4 and a share in the Victorian parking lot, Western Addition Approved Redevelopment Project Area A-2.

There being no persons wishing to appear in connection with the matter, the President declared the public hearing closed.

- (c) President Wexler indicated he had received a request from a community group to be heard and asked Mr. Hamilton to comment on the group and the issue it wished to address.

Mr. Hamilton indicated that originally the Agency had acquired a building at the intersection of Gough and McAllister Streets for the purpose of demolishing it for incorporation into a site for new construction. In the course of project execution the proposed use of the site changed and it is now possible to maintain the building. The Agency has received unsolicited expressions of interest from certain community groups for use of the structure. One of these is an organization called Montage Limited which wishes to use the building for support facilities for the adjacent performing arts activities and another is the Malcolm X Educational Center's El Majj Malik El Shabazz School which wishes to attain it for its school. Mr. Hamilton indicated that the Agency had a policy of making property available to the former owners when a building which was to have been demolished is to be retained. The owner is given the first right of refusal.

The former owner, a Mrs. Hirsch, has indicated an interest in joining with Montage Limited to develop the property. She has evidenced an interest in proceeding independently to acquire the structure for rehabilitation purposes. An economic analysis has been provided Mrs. Hirsch to determine whether this was feasible. Mrs. Hirsch's attorney has been given until July 27, 1978, to respond regarding her intent to proceed. He believed the group present wished to express the interest of the Malcolm X Educational Center in the building to the Commissioners.

President Wexler indicated to the Malcolm X Education Center representative that the Commissioners would not take a position until the decision of the former owner is known.



SPECIAL APPEARANCES (continued)

At this time Mr. Hamilton was excused from the meeting, 4:50 p.m.

Mr. Clarence Brewer, representing the Malcolm X Educational Center, came forward and indicated that the Center is presently located in the building in question and is a school for children from ages two to eleven. The Center has been there seven years and provided skills not taught in the public schools. Also provided is food through the Fillmore Community Foods which he believed is a vital service to the community. He indicated that there was community opposition to selling the building to the former owner and Montage Limited for use as a private supper club for opera attendees and also opposition to the Agency's policy of offering properties for resale to former owners first. He alleged that the Agency was in effect benefitting the former owners who had failed to rehabilitate their property. He indicated that Malcolm X Educational Center represents two groups from the community and requested that these groups be assisted in the negotiated sale of the building and that the Agency help secure the necessary funds to redevelop the structure. He cited several individuals who were in support of the Center and asked that an opportunity be afforded the group to present its plans for renovation of the building.

President Wexler indicated that the group would be notified when the matter was calendared so that all persons interested in it could be present. Ms. Nona Smith of the group asked if there were anything in the meantime that could be done to stop the sale of the property to the former owner and President Wexler responded that, as Mr. Hamilton had just explained, the Agency had a policy that when property was acquired from a prior owner for demolition and then there is a change in plans, the building is offered to the owner for first right of refusal to ascertain if that owner wished to rehabilitate it. If the owner does not wish to acquire it, then the building would be offered and the Malcolm X Educational Center group could submit its proposal. He indicated that until the owner's decision has been reached the Commissioners could not take any action.

Mr. Glickman suggested the group work with the staff in preparation of a presentation if that is appropriate. Dr. Williams expressed concern that the group could be misled by this encouragement and asked if the Agency were obligated to offer the property to Mrs. Hirsch and if the group should work with staff.

At this time Mr. Hamilton returned to the meeting, 5:00 p.m.

President Wexler indicated that Mrs. Hirsch, the previous owner, was being offered the property since the Agency's plans to demolish the building had been changed. Dr. Williams asked if there is any likelihood of this policy being changed because the Malcolm X School representative had been encouraged to work with staff on its presentation of a proposal to purchase the property. He also asked if there were any information available regarding the binding nature of this policy.



SPECIAL APPEARANCES (continued)

Mr. Hamilton indicated that the policy relating to rights of former owners is not a statutory requirement, but it has been an Agency policy based on equity and moral considerations. When the Agency acquires property and circumstances change, then it is believed that the former owner has a right to re-acquire the property. Since it is a policy question it is within the purview of the Commissioners to change it. President Wexler questioned whether there had been exceptions to this policy, and Mr. Hamilton indicated that to his knowledge the policy had never been violated.

In response to President Wexler's inquiry, Agency General Counsel Leo E. Borregard indicated that it was his belief, based upon preliminary examination of this policy, that there were no legal requirements that property be offered back to the previous owner. He noted, however, that in the implementation of policies a point may be reached where commitments have been made that are more binding than policy. Mr. Borregard indicated he would wish to look at what was represented to Mrs. Hirsch to determine if a legal agreement had been reached.

President Wexler suggested that the Malcolm X School representatives stay in close contact with the staff and that when the matter is to be calendared again they would be notified. Dr. Williams indicated that this responded to his concern that the group have a determination on its status. He believed that the Commissioners should consider placing a different policy for residential properties and those that could represent a substantial financial gain for the owner.

Mr. Arnold Townsend of the Western Addition Project Area Committee (WAPAC) asked if Mrs. Hirsch had a deposit on it, and Mr. Hamilton replied negatively. Mr. Townsend expressed concern about Mrs. Hirsch's connection with Montage Limited. Ms. Blomquist asked that staff consider that the Commissioners had a choice of disposition and not being obligated to Mrs. Hirsch.

President Wexler indicated that very shortly the information will be available on this matter and thanked everyone appearing on the matter.

REPORT OF THE EXECUTIVE DIRECTOR

Executive Director Wilbur W. Hamilton reported to the Commissioners on the following matters:

- (a) On Thursday the staff will present the Community Development Block Grant Budget to the Citizens Committee on Community Development and there will be a report on this presentation later.
- (b) Mr. Hamilton indicated that the planning and survey of the Northeastern Waterfront continued and at this time there is a need to refill a position on the Advisory Board for that project. Mr. Maris Fravel has resigned and it is recommended that Mr. Stewart Baird be appointed





REPORT OF THE EXECUTIVE DIRECTOR (continued)

to replace him. This substitution has been approved by the City Planning Commission. The Advisory Committee has requested that this substitution be also approved by the Commissioners.

MOTION: It was moved by Ms. Blomquist, seconded by Mr. Glickman, and unanimously carried that Resolution No. 141-77 be amended to substitute Mr. Stewart Baird to serve on the Northeastern Waterfront Advisory Committee as a replacement for Mr. Maris Fravel, who resigned.

UNFINISHED BUSINESS

- (a) Consideration of status of the affirmative action program for the Sacred Heart High School, Western Addition Approved Redevelopment Project Area A-2.

Mr. Hamilton recalled that last week the Commissioners acted to require the Catholic Welfare Corporation to meet a commitment to hire 50 percent community workers. Mr. Hamilton indicated that there had been a number of discussions about the affirmative action program for the construction of the high school with Messrs. Jerry Cahill, James Hennefer, Arnold Townsend, and Mrs. Mary Rogers and it is believed some agreements had been reached. These discussions included concerns expressed by the contractor which have been communicated to him by his subcontractors subsequent to last week's meeting, implementation of the affirmation action program, as well as involvement of minority subcontractors. It appears that an agreement has been reached. One unresolved question concerns the prices now given by subcontractors which may increase and, if this is the case, the reasons for such increases are to be made were known and considered. Both the staff and WAPAC agree on this; however WAPAC believes that no program should be approved until new prices, if any, are known and the reasons given for the increases. The staff believes the program should be approved with the 50 percent requirement and any price increases considered separately. The contractor's position was that the affirmative action requirements should be clearly known for the subcontractors to react with firm prices. These subcontractors want the Commissioners to approve the program prior to developing cost estimates. These subcontractors would then present their prices to all parties concerned. WAPAC has asked that the matter not be considered by the Commissioners until the new prices were known, if any, and also explanations of any increases. The contractor has indicated that because of the subcontractors' uncertainty about what would constitute an acceptable program since the one agreed upon with staff was cancelled, the subcontractors were unwilling to submit final prices without assurances that they were being asked to consider a program that has the Commissioners' final approval. Mr. Hamilton also noted that HUD had disapproved the previous affirmative action program because it did not have the requirement enacted in May, 1978, for the hiring of women in affirmative action goals. Staff recommends that the program agreed upon by all parties be approved which includes the 50 percent hiring of qualified community crafts workers and the hiring of women in the hiring goals. He noted



UNFINISHED BUSINESS (continued)

that this approval would be subject to the acceptable taking of prices and if there were any price increases that the reasons for these be made known. Mr. Hamilton indicated that a summary of the agreements reached in yesterday's discussion has been confirmed by the contractor. Mr. Hamilton recommended that the Commissioners adopt the program today and that Mr. Borregard would prepare a suitable resolution setting forth the objectives of the program agreed upon.

Mrs. Mary Rogers of WAPAC came forward and indicated WAPAC's disagreement with approval of the program until the subcontractors' prices were known. She did not want any inference that it cost additional monies to hire people from the community. Mr. Hamilton indicated there was essentially no difference in the agreement on the program and recommended that the new prices be taken and any increases examined to determine whether the reasons resulted from hiring of community people or increased costs of materials. Mrs. Rogers indicated the document referred to hiring people from the union hall and she believed that HUD required a training program if the appropriate number of community people was not available. WAPAC will agree to eliminate that program but wanted a specific answer on any price increase. She urged that no action be taken today on the program.

Mr. Hamilton indicated that the program must first be confirmed by the Commissioners because the contractor claims he cannot get bid amounts from the subcontractors until there is final approval from the Commissioners. Mrs. Rogers indicated her belief that there was no reason for increases in prices because it cost no more to hire community people because the wages are the same everywhere. Dr. Williams expressed concern that the subcontractors were being invited to raise their prices and Mr. Hamilton responded that such a possibility is true whether or not the program is approved, but he believed it would put the Agency in a better position to determine the facts if the Agency represents what the program will be. President Wexler indicated new bids were not being solicited but only that the contractor and his subcontractors were being required to meet the 50 percent requirement and to show the cause if there would be increases.

Mrs. Rogers indicated that she did not see why there was such a problem with Cahill Construction Company's meeting the 50 percent requirement. Mr. Hamilton noted one example where the accoustical tile contractor uses journeyman carpenters to install tile but all carpenters did not have this expertise. If this subcontractor used a community person, the employee may be an experienced carpenter but he would have to learn this skill and it would take time to train him. His efficiency was affected and he could not perform at the same level as an experienced tile installer. Ms. Blomquist asked why these skills could not be found existent in the community and Mr. Hamilton indicated that there was no way to judge the frequency of skills out of either the hiring hall or the community. This had been used as an example of what could cause prices to increase if such conditions occurred.



UNFINISHED BUSINESS (continued)

Ms. Blomquist noted that at the previous meeting it had been indicated that if the bids went over a certain amount the school could not be built and she asked why the bids could not be competitive rather than giving the job to Cahill. She believed Sacred Heart should live up to the guidelines and if not should seek lower prices through competitive bidding. Mr. Glickman expressed the opinion that a competitive bid did not necessarily result in the lowest price and that this was a matter for the Catholic Welfare Corporation to determine. The Agency imposed the 50 percent affirmative action program even though this was a site where this specific condition could be reduced to 25 percent. Having imposed this policy, the contractor wants a definite position from the Agency on the program for this development so the subcontractors can submit firm bids. Mrs. Rogers noted her belief that the 50 percent requirement applied to this development and Mr. Hamilton disagreed, indicating that it was the Agency which had modified the requirement. Mrs. Rogers expressed her displeasure, indicating that the Agency had imposed a 50 percent requirement on development in Western Addition A-2 and this was known by the contractor, who should have informed his subcontractors.

Mr. Lee commented that last week the issue was whether the contractor could meet the 50 percent requirement and it now appeared he had agreed to comply with this. He did not believe that the Agency had the right to impose any additional requirements on a contractor who had complied. He expressed his understanding that the subcontractors would not provide cost information unless there was final approval of the program from the Commissioners. He believed that the Commissioners should act because delays were expensive to contractors.

Mr. Hennefer came forward and indicated that the Church had worked to make the school financially feasible and wanted to proceed with its construction. It was working with Agency staff, the contractor and WAPAC to determine whether the project was feasible with the 50 percent requirement; however, confirmed guidelines are essential to assure the subcontractors how the project is to be implemented, particularly in regard to such matters as delineating the boundaries so it is possible to know how far the areas extend. Once the Commission has confirmed what the Agency wants, then the Church can proceed. He expressed concern that WAPAC concurred but would not sign anything. Mr. Hennefer believed that WAPAC, too, had a moral obligation to cooperate with the Church in its efforts to inform the subcontractors what is required.

Ms. Blomquist asked Mr. Hennefer why it was not sufficient to tell the subcontractors that the Agency's policy requirements were for 50 percent hiring of low-income community residents. He replied that it was necessary to give them a clear definition of such matters as the community boundaries, how long the jobs should be held open, and the income ranges, and if this were not done, it would leave the 50 percent requirement open. Ms. Blomquist asked why the prices were anticipated to be higher and Mr. Hennefer indicated that the prices were unknown but by defining these things clearly, the contractor could then tell the subcontractors what the requirements were and the cost determined.



UNFINISHED BUSINESS (continued)

Mr. Hamilton indicated that the letter from Mr. Cahill essentially incorporated the agreement reached at the meeting and agreed to by all parties. The definition of income to qualify residents and the boundaries were delineated as well as how jobs were to be filled. He recommended that the Commissioners approve this program by resolution. Ms. Blomquist asked if the standards established by the Commissioners last week were adequate, and Mr. Hamilton answered negatively, noting that the letter was an attempt to summarize the agreement but the contractor was not asking the Commissioners to accept his letter or change the 50 percent requirement. He noted that the Commissioners would be approving a program that embodies the agreement reached.

Ms. Blomquist inquired what the "San Francisco Plan" was and if specific language was necessary in addition to the Commissioners' motion requiring 50 percent hiring. She did not want to leave the drafting of the language to staff. President Wexler expressed the belief that the Agency's position was clear and he believed staff would provide language implementing the Commissioners' intent. He asked Mr. Hamilton to restate the matters to be considered in the resolution. Mr. Hamilton reiterated that the resolution would include a requirement for hiring 50 percent low-income community people for the job. It would also clarify the questions asked by the subcontractors about enforcing the 50 percent requirement including the definition of the boundaries from which they can draw workers and the method and obligation of notification of workers available either inside or outside the area. He noted that these guidelines are consistent with the affirmative action program approved for all contracts, but since these matters may affect the subcontractors' prices, the contractor wants to know the precise requirements. Mr. Hamilton stressed his belief that the affirmative action program will not be compromised in any way.

Mr. Glickman indicated that he was concerned the previous week because he believed the Church had a moral obligation to meet the hiring requirements. He now believed that the contractor had agreed to do everything required of him by the Commissioners. He wished to see the school constructed and urged that the Commissioners approve the proposed program in order to allow the project to continue. Mr. Glickman also indicated that since the contractor could not get firm bids until they get approval of a program from the Commissioners, he believed the Commissioners should act on the proposal.

Ms. Berk inquired why it was necessary for the Commissioners to approve regulations which are already part of the Agency's policy and also what would be done in the event that the contractor increased prices for whatever reasons. Mr. Hamilton indicated that specific things that were to be covered in the resolution were those not clearly defined in the basic affirmative action program. Mr. Hamilton indicated that if the subcontractors' bids are higher or for unacceptable reasons, then the Catholic Welfare Corporation and the Agency staff will have





UNFINISHED BUSINESS (continued)

to evaluate the effect of the increases and the reasons for any increases. Mr. Glickman indicated that he did not believe the 50 percent requirement should be waived regardless of the reasons. He indicated he was not interested in the reasons the prices may increase since that was the contractor's business, but only that the hiring requirement for low-income community people remain at 50 percent. President Wexler concurred. Mr. Lee inquired if Mr. Cahill were being requested to expend additional money to comply with different standards than other contractors, and Mr. Hamilton responded negatively.

Mr. Gerald Johnson of the Black Businessmen's Association came forward and referred to a letter from the Department of Housing and Urban Development (HUD) outlining the guidelines for contractors in the Western Addition. He urged that the Agency adhere to the Section 3 and Executive Order 11246 requirements which concern hiring of lower income residents. He indicated that the purpose was to decrease the community's unemployment conditions and, if sufficient trained workers were not available, the contractors were to develop a training program. He expressed the opinion that through use of an addendum the hiring of area residents and minority subcontractors from the area could be incorporated. Mr. Hamilton indicated staff was familiar with these requirements and that the issue for this work concerned the hiring of 50 percent low-income residents and that the letter referred to by Mr. Johnson requires goals for hiring of women and relates to this project only indirectly and has nothing to do with Section 3.

Mr. Charles Walker came forward and expressed the belief that since this contract was not competitive he believed it should be offered for bid.

Mr. Arnold Townsend of WAPAC came forward and pointed out what he believed was a significant line in the HUD letter which was, "We would suggest that Cahill adopt the affirmative action goals and negotiate for any changes at a pre-construction conference". He believed the subcontractors would come back with higher bids and the question that the community wished to know was the cause of higher prices. He was concerned that if the Commissioners approved the program the matter would not come back to WAPAC and he asked that the reasons for higher prices be put in writing. He indicated Mr. Lee had expressed concern that the contractor would be spending additional money, but since WAPAC had never changed its position of requesting the 50 percent requirement, this was known from the beginning. Mr. Townsend indicated that he wished to see the matter resolved and if it were not, then damage would be done to the community and particularly the unemployed. He considered the contractor's and the developer's approach as a classic example of avoidance of an affirmative action program. Mrs. Rogers indicated WAPAC was opposed to the staff recommendation for adoption of a resolution. In response to President Wexler's inquiry, Mr. Hamilton confirmed that staff continued to recommend approval of a plan for the contractor to take to his subcontractors.



UNFINISHED BUSINESS (continued)

Mr. Glickman believed that the resolution should make it clear that the Agency should know from the contractor if the bids were increased and that 50 percent hiring requirement was to be followed. Mr. Hamilton agreed, but indicated if the prices for whatever reasons made the work infeasible the reason for increases may not be known. He indicated that if the Church believed it was injured there may be a lawsuit and the Agency has no control of that situation. Mr. Hamilton believed that if the subcontractors claim the affirmative action programs cost more money, then these statements should be proved and made public.

Mrs. Rogers indicated Federal money was being used and she threatened to go to court over the matter.

Ms. Blomquist inquired if staff would develop the language in the resolution, and Mr. Hamilton answered affirmatively and noted that it would incorporate the affirmative action program as outlined. Ms. Blomquist inquired what the San Francisco Plan stated regarding affirmative action. Mr. Hamilton indicated it established the City's standard requirement for affirmative action. She asked if the motion were approved today would staff sign the Cahill letter, and Mr. Hamilton responded that the letter indicated Cahill's position but the staff would write a resolution which embodied the affirmative action program as outlined.

MOTION: It was moved by Mr. Glickman and seconded by Mr. Lee that the staff draft a resolution expressing the requirements of the affirmative action program as related to the construction of the Sacred Heart School, as agreed upon by all parties concerned.

Dr. Williams indicated that he could not vote for a resolution until WAPAC's concerns were resolved; however, he believed this action was necessary to get the cost estimates needed by the contractor to obtain the subcontractors' prices. If the prices are raised because of the hiring requirement, the Agency should not accept the increase. Mr. Hamilton confirmed that the contractor would not proceed to get the prices until the Commissioners approved the program and WAPAC can concur in the program after final prices are known.

MOTION: It was moved by Mr. Glickman and seconded by Mr. Lee that the staff draft a resolution expressing the requirements of the affirmative action program as related to the construction of the Sacred Heart School, as agreed upon by all parties concerned, and on roll call the following voted "Aye":

Mr. Glickman  
Mr. Lee  
Dr. Williams  
Mr. Wexler

and the following voted "Nay":

Ms. Berk  
Ms. Blomquist



UNFINISHED BUSINESS (continued)

and the following abstained:

None

The President thereupon declared the motion carried.

Ms. Berk indicated that her vote was negative because she wanted the contractor to provide the cost information and reasons for any increases first, and Ms. Blomquist indicated she voted against the motion because there was a lack of specific language.

NOTE: Resolution No. 170-78 Confirming Affirmative Action Program, Sacred Heart High School (Western Addition Project Area A-2), prepared by staff is attached and incorporated as a part of these minutes.

NEW BUSINESS

- (a) Resolution No. 165-78 authorizing execution of agreement for disposition of land improved with an Agency rehabilitated dwelling and other conveyance documents in accordance therewith with respect to the sale of Parcel 684/E-4 and an undivided 1/11th interest in Parcel 684/E-9, parking lot adjacent to 1979-81 Sutter Street; approving disposition prices for said parcels; and ratifying publication of notice of public hearing in connection with such sale, Western Addition Approved Redevelopment Project Area A-2.

Mr. Hamilton indicated that this matter was the subject of the public hearing just held and concerned disposition of Parcel 684/E-4 and a 1/11th share in the Victorian Square parking lot to Mr. Clarence Spear and Mr. and Mrs. Leon Jones for a price of \$111,400. The Agency's rehabilitation loan program will be used for \$82,000 to rehabilitate the structure at 1979-81 Sutter Street which will contain a grocery store on the ground level and two residential units above.

In response to President Wexler's inquiry as to the amount of all costs for the buildings, including those of rehabilitation and land acquisition, Mr. Don Brandes, Senior Rehabilitation Specialist, indicated that the rehabilitation costs were approximately \$110,000 and \$1,400 for the parking lot. The land costs would be \$4.50 per square foot for about 1,600 to 1,700 square feet, or about \$6,500. President Wexler asked if there were any other costs and Mr. Hamilton responded that there was some cost involved for the preparation of plans and specifications to which a value could be attached, but this work is a service provided by the Agency in furtherance of the rehabilitation program.

Mr. Glickman asked if the purchasers were certificate holders, and Mr. Gene Suttle, Area Director for Western Addition A-2, responded that Mr. Spears has been displaced and has a certificate and Mr. Jones is his financially competent partner. In response to Mr. Glickman's question, Mr. Suttle indicated he did not have a breakdown of



NEW BUSINESS (continued)

the individuals' interests but he believed Mr. Spears' interest is less than one-half; however, he will operate the business in the new location. Mr. Suttle indicated that the percentage of ownership of the property is on file. Mr. Glickman inquired if a certificate holder could give away a 95 percent interest and Mr. Suttle responded that in a bid situation for new construction, certificate holders had to have at least a 51 percent interest. The staff has been directed to involve displaced business people and certificate holders to the maximum extent in these buildings. Mr. Glickman inquired how the staff felt about giving away his interest to obtain outside financing. Mr. Hamilton indicated this would be looked at carefully. The end result and benefit to the project is to be considered and if the proposal meets the objectives of the project area as to use and ownership which is consistent to what the community wants. The certificate holder must have a substantial interest in the property; otherwise it would not be considered acceptable.

Mr. Glickman asked if this interest constituted more than one-third and Mr. Hamilton answered affirmatively. He believed the businessman should have an opportunity to re-establish his business and be financially involved in the building.

President Wexler asked if this proposal were awarded according to a priority list approved by the Commissioners and Mr. Suttle responded affirmatively. Mr. Suttle indicated that Mr. Borregard had suggested that the resolution should include the names of Leon Jones and his wife and that the work "purchasers" be used for both Jones and Spears.

Mr. Lee asked that in the future percentage of ownership be provided.

ADOPTION: It was moved by Dr. Williams, seconded by Ms. Blomquist, and unanimously carried that this resolution be adopted with the amendments as suggested by the Agency General Counsel.

- (b) Resolution No. 166-78 designating Michael O'Neill and Sons as the redeveloper of Parcels 743-B(1) and 743-B(2), Western Addition Approved Redevelopment Project Area A-2.

This represents designation of Michael O'Neill and Sons as the developer of Parcels 743-B(1) and 743-B(2) at Turk, Franklin and Eddy Streets for a total purchase price of \$268,800. Mr. O'Neill will construct approximately 85 one-bedroom units at an estimated construction cost of \$5,000,000. The parcel had previously been offered but no viable proposals were submitted. A 90-day designation is recommended.

Mr. Glickman inquired about the Agency's policy of selling parcels of land to purchasers without offering them to the public. Mr. Quintin McMahon, Chief of Real Estate, responded that the parcels were





NEW BUSINESS (continued)

offered twice before and the resolution authorizing the offering also gave staff authority to pursue a negotiated sale in 1975 or 1976. Mr. Glickman noted that several years had now passed since it was offered but regardless of the period of time elapsed that property valuation had changed because the real estate market had also changed.

President Wexler indicated that a new policy had been established whereby authorization to sell would be limited to a one-year period. Mr. Hamilton indicated that negotiations had been under way for this parcel for more than two years and the new policy permitted prior negotiations to be concluded and brought to the Commissioners for consideration.

Mr. Glickman noted that this large parcel on a prominent site and 85 units was substantial development, and he was concerned about negotiating with one party and precluding others from bidding on this property. He believed that regardless of the satisfactory experience the Agency had had with this contractor, others should be permitted to submit proposals. In response to Mr. Glickman's inquiry, Mr. Michael O'Neill indicated he now had three developments in project areas.

Mr. McMahon explained that the parcel had been offered previously but there was only minimal response because it is within a fire zone, which requires costly construction of a specific type. This puts the cost of a building above 75 feet in height difficult to develop economically and HUD agrees with this fact. Mr. McMahon indicated that developers had had difficulty keeping rents within an acceptable ranges and still achieving an economically feasible project. Mr. Glickman indicated that the market conditions have changed from six months ago and his concern was that minority contractors did not have an opportunity to submit proposals. President Wexler indicated that the new policy on disposition addressed these concerns; however, this was one of the on-going negotiations which were in process prior to approval of this policy. He noted that on this particular parcel no one had wanted to submit proposals because of the higher costs of construction in the fire zone.

President Wexler indicated that Mr. O'Neill's developments were of good quality and the rents were unusually low despite high construction costs and he wondered how the developer was able to keep the rents so low. Mr. O'Neill indicated that he and his three sons worked on their developments together and he did subcontract with minority firms. He had also received WAPAC's assistance and support. He noted that there were comments made previously that prices do go up when minority contractors do the work but in his experience this had not happened to him. He indicated that in regard to the concern about the change in the real estate market within the last six months, this matter also affected him because he had submitted his proposal over six months ago. Mr. O'Neill commented that he had worked for months to have the building taken out of the fire zone but was unsuccessful and had developed a plan involving construction of two buildings. In his opinion, if his rentals were \$400 a month, renters would go elsewhere. He indicated



NEW BUSINESS (continued)

a contractor could not take a chance on that size building but had to be certain of what he is doing. Mr. O'Neill indicated that he had the capacity to do the development and wanted to build on the corners opposite his present building. In his opinion, use of minority workers did not affect prices and his minority subcontractors were as good as any others; however, costs increased from lapse of time.

President Wexler asked Mr. O'Neill if his rents from \$290 to \$310 for 700 square-foot units and \$325 to \$375 for 900 square-foot units were what he planned to charge and he responded affirmatively. President Wexler asked if he were anticipating any negative cash flow and Mr. O'Neill answered affirmatively and indicated that within four years he anticipated this would be eliminated. Mr. Glickman indicated that he was only concerned that other contractors be given the same opportunity. Mr. O'Neill indicated that in his experience he had found that 95 percent of the contractors did not want this kind of job, and he was concerned that nine months' work had already gone into planning the development.

Dr. Williams indicated that the new disposition policy now in effect did not concern Mr. O'Neill. He suggested that staff write up the policy so everyone would be familiar with it. He asked how far Mr. O'Neill had gone with the project. Mr. Hamilton reiterated that there had been no response to the offering of the parcel in 1975. In 1976 a development called Franklin Plaza had been submitted but was found to be infeasible by HUD in 1977. The Agency had then posted signs on the development inviting proposals and Mr. McMahon had suggested that Mr. O'Neill consider development of the parcel. As mentioned, nine months of work have gone into it. Mr. Hamilton indicated Mr. O'Neill had relied on staff, which was acting in accordance with the disposition policy of that time. Mr. O'Neill has acted in good faith and has the capacity to complete the project.

Mr. Lee indicated that Mr. O'Neill had a reputation for doing very good work. He indicated that Mr. O'Neill worked on his own developments and maintained an unusually high standard of construction and he believed that Mr. O'Neill was the only developer who could accomplish the proposal that he has submitted.

President Wexler observed that Mr. O'Neill was a well qualified developer and had worked long and hard to develop the proposal, and in all fairness it would appear inappropriate not to go forward with this developer. Mr. O'Neill thanked the Commissioners for their consideration.

ADOPTION: It was moved by Mr. Glickman, seconded by Dr. Williams and unanimously carried that this resolution be adopted.

- (c) Resolution No. 167-78 authorizing the Executive Director to enter into a rental agreement with Bay Attitudes for Advancement of Culture (a nonprofit organization) for utilization of a cleared parcel of Agency-owned land, Block 732, Lots 1 through 9 and 27, for community gardening purposes, Western Addition Approved Redevelopment Project Area A-2.



NEW BUSINESS (continued)

This concerns a rental agreement for a vacant 24,475 square foot parcel in the Fillmore area, located at 1209-49 Webster Street, to be used by Bay Attitudes for Community Gardening Purposes, on a rent-free basis. This group has created similar projects for public benefit. The agreement will have a 30-day termination clause. President Wexler indicated what multimedia activities would be involved, and Mr. Joseph Paretti and Ms. Ann Park indicated that they were both artists and gardeners interested in creating gardens, art shows, and other cultural events of special interest to the community and general public. They presented material illustrative of their work for the Commissioners' consideration. The parcel is adjacent to the Agency's Western Addition site office.

ADOPTION: It was moved by Dr. Williams, seconded by Mr. Lee, and unanimously carried that this resolution be adopted.

- (d) Resolution No. 168-78 approving and authorizing the Executive Director to execute Change Order No. 4 to Personal Services Contract HE-25 with R. W. Hunt Company for quality control services in connection with the Hunters Point Approved Redevelopment Project Area.

This item concerns a \$2,500 change order to the contract with R. W. Hunt Company for site construction testing services. This will increase the compensation under the existing \$10,000 contract to provide these services for contracts currently underway. The company has performed satisfactorily for the Agency.

Mr. Lee asked exactly what type of testing this was and Mr. Frank Cannizzaro, Chief of Engineering, responded that it was for slump and stress testing and for asphalt. Ms. Blomquist asked if this were sufficient to provide services for completion of the contracts underway and Mr. Hamilton responded affirmatively.

ADOPTION: It was moved by Mr. Glickman, seconded by Mr. Lee, and unanimously carried that this resolution be adopted.

- (e) Consideration of the following: (i) extension of time for submission of evidence of financing on the Market Street Tower to December 31, 1978; (ii) approval of the joint venture between Arcon/Pacific and Campeau Corporation of California; (iii) designation of the joint venture between Arcon/Pacific and Campeau Corporation of California as developers of an alternate site for the apparel mart, Block 3722-A and B, Yerba Buena Center Approved Redevelopment Project Area.

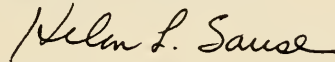
RULE OF THE CHAIR: President Wexler indicated that subject to any objections from the Commissioners and at the request of the developer, this item would be held over for one week. There being none, it was so ordered.



ADJOURNMENT

It was moved by Ms. Blomquist, seconded by Mr. Lee, and unanimously carried that the meeting be adjourned to executive session. The meeting adjourned at 7:15 p.m.

Respectfully submitted,

A handwritten signature in cursive script, reading "Helen L. Sause".

Helen L. Sause  
Secretary

Attachment





RESOLUTION NO. 170-78  
(Adopted July 18, 1978)

CONFIRMING AFFIRMATIVE ACTION PROGRAM  
SACRED HEART HIGH SCHOOL  
(WESTERN ADDITION PROJECT AREA A-2)

WHEREAS, there was submitted to the Agency Commission for review an Affirmative Action Program previously approved by staff on June 23, 1978, with respect to the construction of a high school building and related facilities on a parcel of land in the Western Addition Redevelopment Project Area A-2, previously sold by the Agency to the Roman Catholic Welfare Corporation pursuant to a Land Disposition Agreement dated September 18, 1973; and

WHEREAS, the Commission at its meeting of July 11, 1978 disapproved the 25% low-income resident employment goal for the entire development as specified in the June 23, 1978 Affirmative Action Program, which had as its basis the percentage of land acquired from the Agency to the whole, and unanimously voted that the goal be increased to a 50% goal for the entire development; and

WHEREAS, the Commission is advised that the Welfare Corporation and its general construction contractor, Cahill Contractors, Inc., have agreed to the 50% goal with certain implementation clarifications negotiated at a meeting between Agency staff, the Welfare Corporation, Cahill Contractors, Inc., and the Western Addition Project Area Committee (WAPAC); and

WHEREAS, there was also brought to the attention of the Agency by the Department of Housing and Urban Development, a women's affirmative action requirement of the Federal Government, being part of May 1978 regulations adopted pursuant to Executive Order No. 11246, which requirement, however, was not part of said Executive Order at the time the Land Disposition Agreement was executed but concerning which neither Welfare Corporation or its general contractor, Cahill Contractors, Inc., have voiced any objection relative to the inclusion of such requirement as part of an Affirmative Action Program for the construction of the high school; now, therefore, be it

RESOLVED, by the San Francisco Redevelopment Agency, that an Affirmative Action Program for the construction of the Sacred Heart High School on the land conveyed to the Roman Catholic Welfare Corporation pursuant to the Land Disposition Agreement dated September 18, 1973, containing all of the provisions of the approved Agency Affirmative Action Program for the Western Addition Redevelopment Project Area A-2, including the provisions set forth in the



Affirmative Action Program of June 23, 1978, amended to conform to the 50% employment goal requirements and clarified by the implementation clarification reached in the negotiations which took place on July 17, 1978, and which are generally confirmed in a communication to the Agency from Cahill Contractors, Inc. dated July 17, 1978, and further amended by the inclusion of the requirements for women's affirmative action contained in the May 1978 regulations to Executive Order No. 11246, be and the same is hereby ratified and approved; and be it

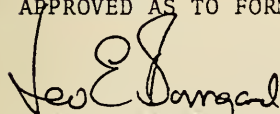
RESOLVED FURTHER, that the Executive Director of the Agency is hereby directed and authorized to sign (or cause to be signed) said program on behalf of the Agency; and be it

RESOLVED FURTHER, that the Commissioners have noted the representations of Welfare Corporation and its general contractor, Cahill Contractors, Inc.:

(i) that the Affirmative Action Program approved by this resolution is acceptable to the general contractor and will be submitted to subcontractors in the form of an addendum to the respective subcontracts for a determination by each subcontractor as to whether or not price increases will result; and

(ii) that a report on whether the high School project will or will not proceed will be made by Welfare Corporation to the Agency Commission at its next meeting on July 25, 1978, at which time the reasons for any price increases, including those of the general contractor, will be disclosed to the Agency Commission.

APPROVED AS TO FORM:



\_\_\_\_\_  
LEO E. BORREGARD  
Agency General Counsel



MINUTES OF A REGULAR MEETING OF THE  
REDEVELOPMENT AGENCY OF THE CITY AND  
COUNTY OF SAN FRANCISCO HELD ON THE  
25TH DAY OF JULY 1978

The Commissioners of the Redevelopment Agency of the City and County of San Francisco met in a regular meeting at 939 Ellis Street in the City of San Francisco, California at 4:00 o'clock p.m. on the 25th day of July 1978, the place, hour, and date duly established for the holding of such meeting.

The President called the meeting to order and on roll call the following answered present:

Howard M. Wexler, President  
Charlotte Berk  
Dian Blomquist  
Melvin D. Lee  
Dr. Hannibal A. Williams

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and the following were absent:

Joan-Marie Shelley, Vice President  
Rubin Glickman

The President declared a quorum present.

Wilbur W. Hamilton, Executive Director, and staff members were also present.

Also present were Mary Rogers, Benny Stewart, and Ed Crocker, Western Addition Project Area Committee (WAPAC); Lyman Jee and Henry Poy, Arcon/Pacific, Ltd; Joel Erlichman, Sonnenblick-Goldman; Clark Gillespie, Campeau Corporation of California; Jack Davidson, Martco; John Robinson, Clarke and Cramer, Inc; Paul Casson, Engman and Associates; Teall Henderson, San Francisco Coalition; Wade Woods, Fillmore Economic Development Corporation; Ira Selkowitz, Bay Area Lawyers for the Arts; William Banker, Banker-Marks; Kathryn Kaiser, State Historic Resources Commission; Martha Senger and William Reigy, Goodman Group; and Wendy Lester, interested citizen.

Representing the press were Marshall Kilduff, San Francisco Chronicle; Jerry Adams, San Francisco Examiner; Dan Borsuk, San Francisco Progress; and Marilyn Baker, KPIX TV Channel 5.

APPROVAL OF MINUTES

It was moved by Mr. Lee, seconded by Ms. Blomquist, and unanimously carried that the minutes of a Special Meeting of March 23, 1978, as distributed by mail to the Commissioners, be approved.

It was moved by Ms. Blomquist, seconded by Mr. Lee, and unanimously carried that the minutes of the Regular Meetings of July 5, 1978 and July 11, 1978, as distributed by mail to the Commissioners, be approved.

It was moved by Mr. Lee, seconded by Ms. Blomquist, and unanimously carried that the minutes of an Executive Meeting of July 18, 1978, as distributed by mail to the Commissioners, be approved.

SPECIAL APPEARANCES

- (a) Request of the Goodman Group, Inc. regarding acceptance of a grant for the Goodman Building, Western Addition Approved Redevelopment Project Area A-2.



SPECIAL APPEARANCES (continued)

Mr. Hamilton recalled for the Commissioners that the Goodman Group representatives had attended the October 25, 1977 Agency meeting and asked the Agency to accept a \$15,000 grant from the State Office of Historic Preservation for rehabilitation of the Goodman Building. On November 1, 1977, the Commissioners had declined to apply for several reasons, including: (1) the designated developer, Alan Wofsy and Associates, had advised the staff that he had no need for the grant funds and did not wish to accept the obligations and conditions of the grant; (2) the Agency was the temporary owner of the building and was in no position to accept the conditions of the grant; and (3) the time schedule for use of the grant money required acceptance and use of the funds immediately; therefore, the State could not grant the funds with the understanding that the Agency would hold them for potential future use.

Mr. Hamilton indicated that on July 21, 1978 the Agency had been informed by Mrs. Martha Senger that the Goodman Building Development Corporation had applied for \$55,000 from the National Park Service, Department of the Interior, for the purpose of acquiring the building. The group is present today to ask the Commissioners to indicate that they would sell the building to the grant recipients. This would enable the group to secure the grant for the acquisition of the building. The grant would be administered by the State Office of Historic Preservation.

In response to President Wexler's inquiry, Mr. Hamilton noted that the staff had met with Mr. Wofsy and the disposition agreement has been returned from the Department of Housing and Urban Development (HUD) with a request for some modifications in form, not substance. A hearing will be scheduled in the near future.

Mrs. Martha Senger of the Goodman Group came forward and indicated that one of her representatives had not yet arrived and asked if she could make her presentation later in the meeting.

RULE OF THE CHAIR: President Wexler indicated that subject to any objections from the Commissioners, Mrs. Senger could delay her presentation until later on the agenda. There being no objections it was so ordered.

REPORT OF THE PRESIDENT

- (a) President Wexler reported on the Agency's position in regard to the report made public last week by Mr. Harvey Rose of the City's Bureau of the Budget. The Agency is pleased that the conclusions, as they related to the Agency, were that it was a well managed and effective organization. There were only two minor criticisms of the Agency and each has an explanation and is justified. The first was that Mr. Rose believed that providing the Western Addition Project Area Committee (WAPAC) with a paid staff was unnecessary because there was no legal requirement under Federal law to do so after three years. President Wexler agreed that this was a correct finding in legal terms; however, as a policy matter, the Agency's level of activity in the Western Addition A-2 required continuance of professional staff people. Federal law does not prohibit such determination. The second criticism was that the relocation staff ought to be reduced from 22 to 8 employees. President Wexler indicated that apparently the auditors had not observed that in January the number of positions in that division had been reduced from 22 to 11 individuals.





REPORT OF THE PRESIDENT (continued)

President Wexler indicated that the major question was a suggestion that the Agency and the San Francisco Housing Authority be merged. He indicated that the Commissioners were unable to respond to criticisms against the Housing Authority but believed that any form of merger would place responsibility for 9,000 public housing units on the Agency. This would have a serious and injurious impact upon the Agency's ability to continue with its complex program of renewal activities. He believed that there may be areas where the Agency and the Housing Authority could share work, possibly through a sub-contract or work order mechanism. This could eliminate any duplication of effort. The Agency will explore areas where there appears to be some overlapping of activities but rejects merger proposals.

REPORT OF THE EXECUTIVE DIRECTOR

Executive Director Wilbur W. Hamilton reported to the Commissioners on the following matters:

- (a) The report by Mr. Rose has been referred to the joint Board of Supervisors' Committees, Finance and Planning, Housing, and Development, and a joint public hearing will be scheduled in September.

UNFINISHED BUSINESS

- (a) Report on the status of the affirmative action program for Sacred Heart High School, Western Addition Approved Redevelopment Project Area A-2.

President Wexler indicated his understanding that representatives of the Sacred Heart High School were not yet prepared to present the necessary status report on the affirmative action program and have requested an additional week's time to prepare their material. Mr. Hamilton concurred.

RULE OF THE CHAIR: President Wexler ruled, subject to any objections of the Commissioners, that the report on the status of the affirmative action program for Sacred Heart High School be continued until next week. There being no objections it was so ordered.

Ms. Blomquist indicated she had voted "no" on this matter at last week's meeting, because she had not had a resolution before her for consideration and it appeared that the Commission was being asked to act on the letter from Cahill Construction Company. She asked for some clarification as to whether the Agency was or was not relying on the contents of that letter and what negotiations were involved. Mr. Hamilton responded that the letter had been Cahill's general summary of negotiations but it was not something upon which the agency relied in drawing the resolution which embodied the Commissioners' action at the July 18, 1978 meeting.

Ms. Blomquist requested that prior to next week's meeting a copy of the San Francisco Plan be forwarded to her.

NEW BUSINESS

- (a) Resolution No. 171-78 amending Resolution No. 128-78 designating the Fillmore Economic Development Corporation as the redeveloper of certain parcels in the vicinity of Fillmore and Eddy Streets with respect to its ability to utilize funding, Western Addition Approved Redevelopment Project Area A-2.



NEW BUSINESS (continued)

This item represents an amendment to a resolution adopted June 13, 1978 which designated the Fillmore Economic Development Corporation (FEDC) as redeveloper for certain parcels in the Fillmore which were included in the Urban Development Action Grant (UDAG) application. In response to FEDC's request that its role be expanded to include the Economic Development Administration (EDA) and Small Business Administration (SBA) programs, an amendment to the resolution designating FEDC has been prepared and is recommended for approval.

Ms. Berk commented that this request had been made at the time the FEDC designation previously came before the Commissioners. She was concerned about whether the Commissioners were giving the FEDC essentially the designation within the same boundaries. FEDC, however, will still be able to apply for only limited funding. Mr. Hamilton responded that the FEDC can be designated for a specific application rather than dealing with other organizations. Agency General Counsel Leo E. Borregard indicated that the intent was only to indicate reliance on FEDC as the developer to perform in applications for the area. He also indicated that the designation is proposed to expire by December 31, 1978.

Mr. Lee noted an error in the resolution which refers to "SBA 520", which should have been "SBA 502", and Mr. Hamilton indicated this would be corrected. Mr. Lee inquired if the FEDC borrows money from the Small Business Administration, whether there was any liability that could possibly exist on the part of the Agency to make the loan payments. Mr. Borregard responded that the Agency would have protection because it would have to approve any applications. Mr. Lee believed that the individual or corporation generally pays higher interest rates.

Mr. Wade Woods of FEDC came forward and indicated that before the FEDC could enter any agreement the Agency would first have to approve the application. Mr. Hamilton indicated that the Agency would ultimately be liable and asked Mr. Borregard to evaluate this aspect more definitively.

Mr. Borregard indicated that the resolution requires that before fund applications are authorized there must be concurrence by the Agency. In that way the Agency was protected so funds could not be obtained until a satisfactory arrangement was reached.

Mr. Woods indicated that any agreements would be brought before the Agency. President Wexler noted that the resolution states that "there must be express Agency written concurrence with, or approval of any EDA or SBA 502 funding request or application made by FEDC" and he believed that there should be some mention that community review was also required. Mr. Woods indicated he had believed FEDC's authorization was to have been extended one year, and Mr. Hamilton indicated that the resolution specified that "a contract between FEDC and the Agency satisfactory in form and content to the Agency must be executed on or before December 31, 1978." If nothing worked out by December 31, 1978 then the time would have expired and the relationship would have to be redefined.

Ms. Blomquist asked what the resolution provided, and Mr. Hamilton noted that it will establish the operational relationship between FEDC and the Agency for grant applications. Ms. Blomquist asked if FEDC had been given the application rights for the UDAG development and Mr. Hamilton answered affirmatively, noting that a contract must be executed between the FEDC and the



NEW BUSINESS (continued)

Agency before FEDC receives any funds. Mr. Borregard suggested that the resolution could be amended so that the end date could be July 1, 1979 and if there is no contract by then the Agency can reevaluate the matter. Mr. Hamilton was concerned that the date could be extended to July 1, 1979.

In response to Ms. Blomquist's inquiry, Mr. Woods indicated that it was easier for FEDC to apply for a loan for a specific parcel and when it was necessary to do this it could be worked out through negotiations. President Wexler requested Mr. Woods to submit an updated list of FEDC's membership to the Commissioners. Mr. Woods indicated he would do so, however, there was presently one vacant seat and he hoped to fill it soon. He also indicated he would forward the minutes of FEDC's meetings to Mr. Gene Suttle, Area Director for Western Addition A-2.

MOTION: It was moved by Ms. Blomquist that this resolution be adopted.

Mr. Lee suggested that the resolution be adopted subject to a specific stipulation that the Agency would have no liability. Mr. Borregard also suggested that the ending date be amended to July 1, 1979. He also noted that if there were any monetary liability created the Commissioners would not approve the proposed application. President Wexler inquired if Ms. Blomquist accepted these changes to her motion and she responded affirmatively.

ADOPTION: It was moved by Ms. Blomquist, seconded by Mr. Lee, and unanimously carried that this resolution be adopted, with amendments to the resolution eliminating Agency monetary liability and making July 1, 1979 as the ending date.

- (b) Resolution No. 172-78 rejecting all bids received for rehabilitation of 939 Eddy Street, Western Addition Approved Redevelopment Project Area A-2.

This represents rejection of all bids received for the rehabilitation of an Agency-owned building at 939 Eddy Street. Three bids were received but the two lowest bidders were unable to obtain performance bonds and the third bid was significantly higher. It is recommended that new bids be sought. The building has 36 studio apartments and will be sold to the San Francisco Housing Authority after renovation.

Ms. Blomquist inquired the price the Housing Authority would pay for the rehabilitated building, and Mr. Don Brandes, Rehabilitation Administrative Specialist, responded that the price was not yet determined because it will require the Department of Housing and Urban Development (HUD) concurrence and will recoup the Agency's rehabilitation costs. Mr. Hamilton indicated that in this case the bid deposits will be returned at the Agency's discretion.

ADOPTION: It was moved by Dr. Williams, seconded by Mr. Lee, and unanimously carried that this resolution be adopted.

- (c) Resolution No. 173-78 approving extension of performance dates under the terms of the agreement for disposition, dated December 16, 1977, as amended May 12, 1978, in connection with Parcel A-2, India Basin Industrial Park Approved Redevelopment Project Area.

This represents a recommendation for a six months' time extension to permit the developers of Parcel A-5, William H. Banker and Fillmore C. Marks, time to complete new plans and specifications for two buildings and to obtain necessary financing. Originally the developers had proposed construction of



NEW BUSINESS (continued)

four light industrial buildings totaling 41,000 square feet for leased office and warehouse space but the bids were 50 percent above the cost estimates. The developers revised the site plans and concentrated the development into two buildings of similar construction rather than four. Staff has reviewed this conceptual plan and found it acceptable. The new buildings will total approximately 39,500 square feet and provide larger multiple units of from 2,400 to 2,700 square feet, which are believed to be more marketable. This request of an extension of time covers the period from July 15, 1978 to January 15, 1979.

President Wexler inquired of the developer if there was a realistic belief development would proceed. Mr. William Banker answered affirmatively noting that he believed the redesign was economically feasible. Ms. Blomquist suggested that the extension be limited to three months rather than six, and Mr. Quintin McMahon, Chief of Real Estate, responded that the six months' period was needed to work with the new plans. Ms. Blomquist asked if the developer was unable to proceed whether the matter would again be back before the Commissioners, and Mr. McMahon answered affirmatively. In response to President Wexler's concerns whether the development would proceed, Mr. Banker indicated his belief it would and noted they had been ready to start construction with the previous plan but the four bids received were too expensive and the development could not be financed. Mr. Banker indicated he then worked with one contractor on the new plans of the redesigned buildings and it is believed the construction costs will be feasible. The working drawings will be ready within three weeks, and then the development can proceed. He indicated it was not a question of financing but it was necessary to develop a feasible economical package because there were plenty of lenders. President Wexler questioned Mr. Banker as to whether the costs appeared to be within a range that could be financed, and he responded affirmatively.

ADOPTION: It was moved by Mr. Lee, seconded by Ms. Blomquist, and unanimously carried that this resolution be adopted.

- (d) Consideration of the following: (i) extension of time for submission of evidence of financing on the Market Street Tower to December 31, 1978; (ii) approval of the joint venture between Arcon/Pacific and Campeau Corporation of California; (iii) designation of the joint venture between Arcon/Pacific and Campeau Corporation of California as developers of an alternate site for the apparel mart, Block 3722 A and B, Yerba Buena Center Approved Redevelopment Project Area.

Mr. Hamilton indicated that Mr. Jee had made a preliminary presentation at the meeting of July 18, 1978 and is now appearing to formally request the Commissioners' consideration.

Mr. Lyman Jee of Arcon/Pacific came forward and requested approval of the joint venture of Arcon/Pacific and Campeau Corporation of California. He reported he had resolved all previous problems in perfecting this partnership arrangement and that he would report on the status of Arcon and its limited partners. He would also introduce persons present that supported development of the apparel mart. Campeau representatives were present to reaffirm that firm's commitment of equity capital to complete the project. Mr. Jee would ask Messrs. Henry Poy of Arcon and Clark Gillespie of Campeau for their comments.

Mr. Henry Poy came forward and indicated that to date documents had been executed by the limited partners in Arcon/Pacific which would assure





NEW BUSINESS (continued)

the Agency of their commitments. Representatives of the Pacific National Equity were also present if the Commissioners wished to address questions to them. The documents will be in escrow subject to the various actions to be taken by the developer and the Agency. President Wexler commented that it had been over a year since the Agency had first attempted to enter into an agreement, and he asked if all the partners of Arcon were now willing to state publicly for the record that they were bound by that February 14, 1978 agreement. Mr. Poy indicated such documents have not been executed because it was believed they were nonapplicable unless Arcon had the apparel site. He believed the Commissioners' approval of Arcon as developer of an alternate apparel mart site and extension of development rights for the Market Street Tower indicated everything would be taken care of and that the development of the office building and apparel mart would proceed. President Wexler indicated the Commissioners had anticipated that after a year's negotiations when an agreement had been reached that all parties concurred in that agreement. In June it was apparent that some of the Arcon partners did not consider that they were bound by the agreement signed by Mr. Jee. That point must be resolved before any action could be taken. He asked if Mr. Poy could present any light on this matter and he responded that Arcon's partners were in agreement and desired to proceed.

Mr. Lee inquired if this included Mr. Ralph Torello, a representative of Pacific National Equity Company. President Wexler inquired whether the agreement of the Arcon partners was based on the Commissioners granting all requests for the designation of the alternate apparel mart site and the extension, or if all the partners were willing to abide by the February agreement. Mr. Jee indicated that one of the limited partner's objections was to have Arcon proceed with the apparel mart. This may be interpreted as a lever on the part of Mr. Torello to be sure the mart continued. He noted that after the financial presentation the alternative proposal would be made on the mart. He believed a compromise could be worked out. Mr. Jee indicated that two letters had been submitted to the Commissioners which illustrated the commitment of potential tenants to the mart. Mr. Jee also indicated that in regard to the office building meetings had been scheduled in New York and he had received letters from Campeau reaffirming the ratified environmental impact report on the office building. He stated that Arcon was ready to pick up the building permit.

Mr. Jack Davidson came forward and indicated he was a sales representative for Martco and was interested in the development of an apparel mart in Yerba Buena Center. He indicated the support of the apparel industry and stated the Nawcas Guild represents 1,500 members and its market has the attendance of 8,000 to 10,000 buyers from Los Angeles north to Alaska and Hawaii east to the Midwest area, representing a national membership of 30,000. Mr. Davidson indicated that the local group, the West Coast Salesmen's Association, has reaffirmed its support for the mart and its recommendation to its members was to lease in this center. He mentioned several other associations in the trade who were supportive of having the mart built and noted that this was evidenced by letter of intent and lease which represented the commitment of 200 individual business. These were given an opportunity for a refund of their deposits and less than 25 requested a refund and ten of these were for other commitments. He indicated there was still a demand for an apparel mart in Yerba Buena Center.



NEW BUSINESS (continued)

Mr. Jee indicated that 10- to 20-year leases have been completed for 100,000 gross square feet. He noted that the Northern California Shoe Travelers, for example, plans to use the convention center for three annual markets in the apparel mart. Mr. Jee indicated that space was also needed to garage 600 cars per day but so far the mart was only given 200 to 300 spaces in the garage.

Mr. John Robinson of Clarke and Cramer, Inc. came forward and indicated that he had been requested to speak about the viability of the commercial space in Yerba Buena Center. This is retail space only and not the apparel mart aspects. Mr. Robinson indicated that he had been associated for some time with Mr. Jee in his proposed development in Yerba Buena Center and had discussed what the other users were believed to be needed in the area. The uses included banks, drug stores, food services, and other services. When it was proposed to locate the mart across the street from the original site, Mr. Jee oriented the design concept toward the central mall. This appears to be a suitable site for a bank because it has better identity on the street. He indicated there was general interest and support from several potential clients for the location and he anticipated no difficulty in renting space.

Mr. Joel Erlichman of Sonnenblick-Goldman came forward and indicated his firm was the largest mortgage brokerage company in the country and it would represent Arcon and Campeau in arranging financing for this project. He indicated it was working on a \$22 million loan for the mart. He indicated also that the firm had not yet had an opportunity to complete negotiations with the lender and indicated his company was pleased to represent a company the size of Campeau.

President Wexler asked what progress was currently under way on the Market Street Tower and Mr. Erlichman indicated his firm had arranged for the construction loan on the tower. The construction loan is for a five-year period and will permit the building to be completed. Then, long-term financing will be provided. He stressed the importance of time so the loan negotiations could be made final. He indicated that the company was willing to be the lender on the apparel mart and the office building. He noted that time was needed to complete this financing on the \$40 million office tower. President Wexler asked when he had been requested to provide financial assistance, and he responded it was in June which was insufficient time to complete arrangements.

President Wexler asked how much time was needed, and Mr. Erlichman replied it would take from five to six months for final loan commitments to be made on such a large loan. Mr. Jee commented that the joint venture with Campeau had provided an entrée to the New York financing community and again noted that Campeau had guaranteed that the development would be completed.

Mr. Clark Gillespie of Campeau came forward and confirmed that it was the intention of the company to develop the office building. President Wexler asked if Campeau were involved in attempting to work out internal Arcon problems, and he replied that assistance had been offered. In response to President Wexler's inquiry, Mr. Gillespie indicated that he hoped the Arcon partners would comply; however, it appeared that Mr. Torello was presently blocking the joint venture. Mr. Torello was concerned that the joint venture may not build the mart, in which case he would be left without anything if he signed away all rights on the Central Blocks of the project.



NEW BUSINESS (continued)

Mr. Lee asked if there was a continuing discussion between representative of the joint venture and Mr. Torello's attorney, Mr. George Choppelas, on the method of settlement, and Mr. Gillespie responded affirmatively indicating their attorney and Mr. Choppelas were attempting to resolve the issue. Mr. Lee asked about the time needed to finance a project of this size, and Mr. Erlichman responded for a project of this magnitude it would not be unusual to need several months for preparation of a presentation to the lenders. He stressed the importance of understanding the market when the company goes before a loan committee.

Mr. Jee indicated that his attorney, Mr. Poy, had met with Mr. Borregard and it appeared there was a possible solution at hand in regard to Mr. Torello. Assuming that Mr. Torello would agree to abide by the February 1978 agreement, Mr. Jee wished to know whether an alternative site would be available to the joint venture. He had understood that the Williams Building presented an obstacle to the alternate site. If Mr. Torello signs off and agrees there will still be a problem with the site since there apparently had not been a determination made on whether this building was to be rehabilitated.

Mr. Redmond Kernan, Deputy Executive Director, indicated there were some problems with the site in terms of timing. The building, located at Mission and Third Streets, and the Environmental Impact Study (EIS) process is evaluating retention of that structure. There is a street that bisects the site and this would also require vacation by the City. There are also some considerations regarding land use. The Skidmore Owings Merrill (SOM) study indicated there should be a parking garage built on that location to best serve the development of Yerba Buena Center. The study recommended that if there is to be housing, this would also be one of the sites where such housing should be considered. Mr. Kernan indicated there were a number of considerations that had to be resolved and staff was not ready to make a recommendation on the apparel mart being located on that site at this time. In response to President Wexler's inquiry, Mr. Kernan replied that such recommendation could be made in about one month. It is possible that since there is a short fall of parking in the project area that space outside the project could be considered. If it is determined that the Williams Building is to be retained, this will take more time because the State is evaluating it to see if it meets seismic requirements, which will take about three months.

President Wexler indicated that the Mayor's Select Committee on Yerba Buena Center intended moving the apparel mart and asked if this was the proposed site, and Mr. Kernan responded affirmatively; however, the urban design study had been done subsequently and needed to be taken into consideration. The Williams Building was originally slated for demolition. President Wexler asked if there were any alternate sites for the apparel mart, and Mr. Kernan replied there were and staff was looking at one south of Folsom Street between the Pacific Telephone and the American Telephone Company buildings. The Taylor-Woodrow site on Third and Folsom Streets is still in litigation so no commitment can be made at this time on that site. The T-shaped parcel at the southwest corner of Third and Folsom Streets had been considered as an alternate site for Mr. Jee. It is presently being evaluated to provide an alternate site for TODCO. Mr. Jee believed the remaining portion of the site was not large enough for the apparel mart, which may require the entire site to make the building functional and feasible. The apparel mart needs 100,000 square feet of floor space and this site has only 60,000 square feet. It would be necessary to see what will happen with the Williams Building if it were economically feasible to rehabilitate it. Mr. Jee indicated he would prefer the location between Mission and Howard Streets and if the site were



NEW BUSINESS (continued)

not to be cleared he could build around the building. Mr. Kernan indicated that by code interpretation and zoning the alternate site is designated as F-2 occupancy. The apparel mart is F-2 so it could be built there if approved by HUD. When the two parking studies were developed by the EIS and Environmental Impact Report (EIR) the staff found some 600 spaces were needed for the needs of the convention hall. Studies show that the parking to serve the convention hall use should be placed there, but Mr. Kernan believed that 200 spaces in excess of the apparel mart needs could be installed. He indicated that the Mayor's Select Committee had originally proposed the site as an alternate for the apparel mart which is a complementary use to the convention center.

President Wexler indicated that last week the Commissioners considered and decided that the matter which had been negotiated for almost one year provided one location and now it was necessary to determine if a new site was available. In addition, the Commissioners could not consider any changes in the agreement until such time as all parties were bound to abide by it. This did not mean the Commissioners were opposed to the proposals, or had indicated acceptance of the previous joint venture with Arcon and Campeau in May. Alternatives, however, have now been brought before the Commissioners and also suggestions that Mr. Torello confirm his commitment to the February agreement. President Wexler indicated that these matters should be pursued with staff next week because it was his desire to see the projects move along rapidly. Mr. Hamilton indicated that he believed the Agency should not act until it was in a position to protect itself on the possibility of litigation.

Mr. Lee asked how much time extension was needed for the Market Street Tower and President Wexler indicated it was his understanding it expired August 1, 1978, unless evidence of capital equity and mortgage financing was provided. This date could be extended. Mr. Jee indicated it would cost money to reevaluate the alternate sites and asked if there was a specific parcel that the Commissioners would consider as an alternate site for the apparel mart. President Wexler indicated the Commissioners could not make a decision on a site without additional information. Mr. Borregard indicated he was available at all times to conduct any necessary negotiations. President Wexler suggested that Mr. Jee meet with Mr. Torello.

RULE OF THE CHAIR: President Wexler indicated that subject to the objections of any Commissioner that consideration of these requests from Arcon/Pacific, Ltd. be continued one week. There being none it was so ordered.

SPECIAL APPEARANCES (continued)

- (a) President Wexler indicated that Ms. Kathryn Kaiser of the State Historic Resources Commission had arrived and Mrs. Senger could make her presentation on the Goodman Building.

Mrs. Senger came forward and read a letter, dated July 24, 1978, from Mr. Stephen Taber who is a member of the board of directors of the Goodman Building Development Corporation, which stated that a letter was requested stating that the Agency was willing to dispose of the building to the recipient of a \$55,000 grant from the State Historic Preservation office to be used toward acquisition of the Goodman Building. The grant would be available in early 1979 and would be matched by the Goodman Group. The letter indicated the money could be used by either the Goodman Building Development Corporation or by any other





SPECIAL APPEARANCES (continued)

developer designated by the Agency. In recent weeks Ms. Kathryn Kaiser of the State Historic Resources Commission and Mr. David Cincotta, Office of Community Development, have both been assisting in initiation of negotiations between the Goodman Group and the proposed developer, Mr. Alan Wofsy. The letter stated Mr. Wofsy had suggested a possible split in the property assigning the Myrtle Street flats to himself and the Goodman Building to its current tenants. There apparently was little expectation that the negotiations would offer resolution of problems, however, they illustrated uncertainty regarding the final development plan in connection with a proposed disposition agreement by HUD. The letter alleged that the proposed disposition agreement violates a previous agreement between Mr. Wofsy and the Goodman Group and urged that all financing options be kept open. Mr. Taber asked that the Agency support acceptance of the grant to insure successful development of the Goodman Building as a unique historic and social preservation project.

After reading the letter from Mr. Taber, Mrs. Senger read a statement regarding the developer's proposal. She alleged that Mr. Wofsy's plan will not permit retention of the Goodman Building in its traditional form as low-rent, resident-controlled, artists' living quarters and community cultural center. She indicated the Goodman Group would oppose Mr. Wofsy's plan through administrative, legislative, and legal means, if necessary. They also will not leave the building voluntarily which may make it difficult or impossible for the Agency to dispose of the building to the developer. Mrs. Senger indicated that the Myrtle Street flats were already vacant and more suitable for family housing under the Section 8 subsidy program. She believed that if the Goodman Group were permitted to develop and rehabilitate the Goodman Building it would not oppose Mr. Wofsy's plans for the flats. Her suggestion was to split the parcel into sections to permit separate development, but Agency approval would be necessary for this. The Agency would also have to provide assistance and a time schedule in implementing the Goodman Building Development Corporation plan. Under this proposal, all parties would have development rights for their own needs, the property would be back on the tax rolls, and all threats of litigation would be ended.

President Wexler inquired if Mr. Wofsy had agreed with Mrs. Senger's statement and she replied he had made the suggestion. Mr. Hamilton indicated that Mr. Wofsy had not made the statement as presented by Mrs. Senger but had said the buildings could be separated and that he intended to do both buildings. Mrs. Senger replied he had made the statement informally.

Mr. Hamilton indicated that these statement attributed to Mr. Wofsy were taken out of context and that he had made no such offer. Mr. Wofsy does intend to sever the Myrtle Street flats from the Goodman Building but has every intention of developing both buildings. He has also clearly stated that he would not be interested in any agreement of the nature stated by Mrs. Senger and any statements to the contrary were a misrepresentation. Mrs. Senger indicated that it was a possibility and suggestion of Mr. Wofsy's made in an informal telephone conversation.

President Wexler indicated that any such proposals should be obtained in writing. As far as the Commissioners were aware, Mr. Wofsy had legal developer's rights to the parcel and therefore any agreement with him and the Goodman



SPECIAL APPEARANCES (continued)

Group could put the situation differently. He again noted the Agency has a developer who has met all the requirements asked of him as being only one of two people bidding on the project. This came after a period of several months when the Goodman Group had an exclusive opportunity to submit a proposal. The Commissioners will continue to pursue its agreement with Mr. Wofsy accordingly. He advised that Mrs. Senger indicated that there would have to be a written statement from Mr. Wofsy that he would transfer his interest in the building to the Goodman Group.

Mrs. Senger indicated that negotiations were under way and she was asking consideration because these discussions were being held which alter the Wofsy proposal. She urged the Commissioners to aid in securing this critical grant.

Ms. Kaiser came forward and indicated that she served as Chairman of the State Historic Resources Commission which was interested in preserving the architectural, archaeological, and cultural aspects of California. She believed the Goodman Building was unique since people were involved and, therefore, she had a professional interest in the project. She indicated that time was important to receive the grant and believed that the Goodman Building had all the ingredients the Federal Government was looking for because of the residential use and cultural aspects of the facility. It was her thought that the project was more than just a building since people were living in it. It has potential to serve cultural uses of the community and she urged the Commissioners consider making it possible to accept the \$55,000 grant. President Wexler inquired what that deadline was and she responded it had been at the end of June and was extended to the end of July for this project.

President Wexler asked Mr. Hamilton if he had any comments. Mr. Hamilton indicated he had been advised this grant, as in previous proposals, required the recipient to match the amounts received. He stressed that any grant acceptance would have to be made subject to Mr. Wofsy's acceptance and Mr. Wofsy continues to be disinterested because he does not need the funds and does not wish to be bound by conditions attached to the receipt of the grant. The Agency cannot accept the grant since it is only the temporary owner of the building and therefore is in no position to accept conditions requiring a 20- to 50-year obligation in connection with administration and maintenance of the building. In the absence of unwillingness on the part of the developer to accept the grant the answer remains the same as before.

President Wexler asked if the Agency accepted the grant for this building when the designated developer had no interest in using it, it would be unfair to have the State of California allocated \$55,000 knowing that the Agency may refund it. President Wexler inquired if acceptance of the grant would impair Mr. Wofsy's ability to develop the project. Mr. Hamilton answered affirmatively indicating that the Agency would have to accept the grant contingent upon Mr. Wofsy no longer being the developer. Ms. Kaiser indicated that last year when the grant application had come to her department things were different between Mr. Wofsy and the Goodman Group and it appeared that negotiations were under way. She believed that even if the Agency accepted the grant she could not say for certain the State could commit the funds.



SPECIAL APPEARANCES (continued)

Mr. Hamilton indicated that the money the Goodman Group was seeking was for purchase of the building and this raises the issue as to how the Agency could apply for funds for acquisition of a building it already owns. Ms. Blomquist inquired if the \$55,000 was Federal funds administered by the State, and Mr. Hamilton concurred noting that the Agency consistent with Federal guidelines still must comply regardless of who administers the funds.

President Wexler indicated that if the Agency applied for funds with the written understanding that the Agency and Mr. Wofsy were under no obligation to use them he did not believe the State would want to allocate the funds. Ms. Kaiser had suggested that there was some progress in bringing the developer and the Goodman Group together, but President Wexler indicated that pressure should not be brought upon Mr. Wofsy to negotiate with some other party. Mr. Wofsy is free to seek anyone he wishes to bring into the joint venture or any change in the relationship. President Wexler stressed his belief that the Agency could not participate in an application when there was clear understanding Mr. Wofsy was not interested. President Wexler also believed there were negative implications to Mr. Wofsy that would create legal problems for him. If the deadline passes, Ms. Kaiser warned there may not be another opportunity for development of the building.

Dr. Williams expressed his concern at the kind of motivation and negative hostility shown by the Goodman Group. He believed that Mr. Wofsy had done everything asked of him. Dr. Williams expressed concern about the motivation of people who attempted to undermine this progressive project. Mrs. Senger expressed concern that Mr. Wofsy's development would destroy the cultural use of the building. She urged that the Goodman Building provide open housing and alleged that Mr. Wofsy had been representing the Group and had reached an agreement with it. She indicated that the Group was presenting a more economical solution and one which Mr. Wofsy may well be amenable to. Dr. Williams indicated his disagreement with the Goodman Group noting his belief that it was obstructing the preservation of the building and as a Commissioner he was obligated to support the legally designated developer who was attempting to renovate the property. He believed if there were legal actions, the Goodman Group had recourse to the law.

President Wexler asked if any action was to be expected from the Commissioners at this time and if the Agency could legally participate in an application for these grant funds. Mr. Borregard responded that in his opinion, based upon conversations with the State, there were conditions required that this Agency could not commit itself to. Mr. Borregard also indicated that the Agency could not participate in an application for funds to buy property which it already owns.

Mr. Hamilton responded to President Wexler's inquiry and indicated that no action was contemplated on the matter. At this point, Mrs. Senger left the meeting and a tenant of the building threatened that he personally would not move out of the building.

Ms. Wendy Lester came forward and indicated she was a program evaluator for HUD and had become interested in the Goodman Building. HUD wants a model in San Francisco where the so-called "sweat equity" approach could be used, and



SPECIAL APPEARANCES (continued)

she thought the Goodman Building might qualify for this purpose to receive HUD funding. President Wexler indicated that the staff would look at all proposals where the Agency does not have legally existing commitments. Mr. Hamilton indicated he already knew of the HUD program.

NEW BUSINESS (continued)

- (e) Resolution No. 169-78 commending Ms. M. Joyce Peterson, Executive Secretary, for outstanding service on the occasion of her retirement from the San Francisco Redevelopment Agency.

Mr. Hamilton indicated that Ms. Joyce Peterson was retiring after nearly thirteen years of service to the Agency, and he read the following resolution commending her:

"WHEREAS, M. Joyce Peterson has served on the staff of the San Francisco Redevelopment Agency for nearly thirteen years in a dedicated, patient, and effective way; and

"WHEREAS, Mrs. Peterson has the respect and admiration of many community residents and leaders, as well as fellow workers; and

"WHEREAS, the Agency regretfully acknowledges Mrs. Peterson's retirement; now, therefore, be it

"RESOLVED that the Redevelopment Agency of the City and County of San Francisco expresses its appreciation of her devotion and contributions to the redevelopment program in the City and County of San Francisco; and

"BE IT FURTHER RESOLVED that a suitable copy of this resolution be tendered to Mrs. Peterson as a token of the esteem in which the Commissioners and staff hold her."

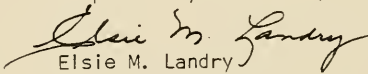
The Commissioners wished Mrs. Peterson well.

ADOPTION: It was moved by Mr. Lee, seconded by Ms. Blomquist, and unanimously carried that this resolution be adopted.

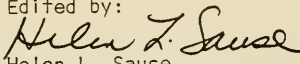
ADJOURNMENT

It was moved by Dr. Williams, seconded by Mr. Lee, and unanimously carried that the meeting be adjourned to executive session. The meeting adjourned at 6:25 p.m.

Respectfully submitted,

  
Elsie M. Landry  
Assistant Secretary

Edited by:

  
Helen L. Sause  
Secretary





MINUTES OF A REGULAR MEETING OF THE  
REDEVELOPMENT AGENCY OF THE CITY AND  
COUNTY OF SAN FRANCISCO HELD ON THE  
1ST DAY OF AUGUST, 1978

The Commissioners of the Redevelopment Agency of the City and County of San Francisco met in a regular meeting at 939 Ellis Street in the City of San Francisco, California at 4:00 o'clock p.m. on the 1st day of August, 1978, the place, hour, and date duly established for the holding of such meeting.

The President called the meeting to order and on roll call the following answered present:

Howard M. Wexler, President  
Dian Blomquist  
Rubin Glickman  
Melvin D. Lee

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and the following were absent:

Joan-Marie Shelley, Vice President  
Charlotte Berk  
Dr. Hannibal A. Williams

The President declared a quorum present.

Wilbur W. Hamilton, Executive Director, and staff members were also present.

Also present were John Igoe, Office of the Mayor; Richard Harper and Wade Woods, Western Addition Project Area Committee (WAPAC); Lyman Jee and Henry Poy, Arcon/Pacific Ltd.; John E. Robinson, Clark and Cramer; Clark Gillespie, Campeau Corporation of California; Jack Davidson, Martco; Teall Henderson, Ted Frazier and Sam Martinez, San Francisco Coalition; Paul Warwick, Hal Dunleavy & Associates; John Mustin, Jenkins/Fleming Architects, Inc.; Gerald Johnson, Black Businessmen's Association; Henry Gage, Alberts Patrol Service; Dr. Amancio Ergine, Yerba Buena Village Foundation; and Charles Walker and Curtis Banks, interested citizens.

Representing the press were Peter Stack, San Francisco Chronicle; Jerry Adams, San Francisco Examiner; and Dan Borsuk, San Francisco Progress.

REPORT OF THE PRESIDENT

- (a) President Wexler commented on the accomplishments of the Agency from January through July of 1978. Commencing with Hunters Point, he noted that construction had been completed on more than \$3.5 million of site improvements, more than \$1 million in park improvements, and on 300 units of Section 8 housing which has been rented. Preliminary working drawings have also been completed on 72 market-rate single family units and five developers have been accepted. Ten temporary wartime barracks have been demolished and fifteen households relocated into new housing, leaving only one barrack remaining which is scheduled for demolition later this year.

In India Basin disposition agreements have been entered into on four more parcels, including an agreement with the United States Postal Service conveying 32 acres for construction of a \$40 million postal center which will



REPORT OF THE PRESIDENT (continued)

employ 4,000 permanent workers. In Western Addition, rehabilitation has been completed on 12 properties containing 66 dwelling units and six commercial units at a cost of more than \$1.75 million, which means that the Agency has now preserved or restored over 1,000 dwelling units, most of them Victorians. This also means that more than \$9 million has been spent on rehabilitation of homes and businesses. President Wexler believed this was a significant amount of preservation and deserved some special note because the nature of renewal is often perceived as clearance. He also believed that special attention is merited regarding the Victorian preservation program in Western Addition where, under the Agency's relatively new rehabilitation loan program, more than \$3 million has been loaned for such restoration of 26 properties. About half of these property owners are not only minorities but certificate holders and project residents. The Agency is now considering the move of eight more Victorians of historic and visual merit to new sites for restoration, adding to the 18 moved earlier. In Western Addition A-2, 24 more Victorians are being rehabilitated at a cost of more than \$3.8 million. President Wexler indicated that the area is full of activity, and he congratulated the staff for emphasizing preservation and restoration of these great homes and their history and architecture. He noted that rehabilitation produces jobs, as well as goodwill, in giving new life to the City's traditions and legacies, and that rebuilding and rehabilitation will continue in the area. In addition, four new developments were completed at a construction cost of \$7.5 million and six others costing \$4.5 million are under way for a total of \$12 million.

In Yerba Buena Center two new TODCO developments are now under construction, and the right of entry for the convention center is being considered today. Final certification of the Environmental Impact Report and approval occurred after six joint meetings with the Planning Commission. There has also been negotiation and settlement of the agreement of Arcon/Pacific which removes all possible developer claims against the Central Blocks and establishes definitive time schedules regarding important commercial and office buildings.

In the Northeastern Waterfront area, an urban design contract with ROMA has been executed and the study of that area is well under way.

- (b) President Wexler reported that Bureau of the Budget Report, by Mr. Harvey Rose, has been completed and the Agency was found to have a well managed and effective operation. Everything has been accomplished as far as what was desired, and the projects will be moved forward as rapidly as possible with due consideration being given to important human and social aspects of the redevelopment process. President Wexler indicated this concluded his report.

REPORT OF THE EXECUTIVE DIRECTOR

Executive Director Wilbur W. Hamilton reported to the Commissioners on the following matters:

- (a) The hearing before a joint committee of the Board of Supervisors of Finance and Planning, Housing and Development on the Harvey Rose report will be held in September.



UNFINISHED BUSINESS

- (a) Report on the status of the affirmative action program for the Sacred Heart School, Western Addition Approved Redevelopment Project Area A-2.

President Wexler indicated that the Agency had been advised this matter is still being worked on and will require an additional week to complete.

RULE OF THE CHAIR: President Wexler indicated that subject to any objections this item would be held over for one week. There being no objections, it was so ordered.

- (b) Consideration of the following: (i) extension of time for submission of evidence of financing on the Market Street Tower to December 31, 1978; (ii) approval of the joint venture between Arcon/Pacific and Campeau Corporation of California; (iii) designation of the joint venture between Arcon/Pacific for the apparel mart, Block 3722-A and B, Yerba Buena Center Approved Redevelopment Project Area.

Mr. Hamilton indicated he had met with Mr. Jee regarding the above-mentioned items, and staff has not yet prepared a recommendation for the Commissioners. Agency General Counsel Leo E. Borregard indicated that a document was just given to him before the meeting which is in the form requested by the Agency, and signed by Mr. Ralph Torello and Pacific National Equity, in which Mr. Torello agrees individually and as a general partner to be bound by the February 14, 1978 agreement executed by Arcon/Pacific and the Agency. This document complies with the Agency's request in dispersing the threat of litigation on this agreement.

Mr. Borregard indicated that the letters from the two limited partners were slightly different in form from those requested by the Agency, but he believed them to be sufficient. Mr. Borregard indicated he had also been advised by counsel that the remaining group of limited partners have agreed to a similar agreement, but the key persons will not be available to execute it until later in the week. The appropriate documents will be delivered to the Agency, and Mr. Borregard believed these would satisfy Agency requirements. In response to President Wexler's inquiry, Mr. Borregard indicated that the matter will be completed at the end of the week, and Mr. Henry Poy, of Arcon/Pacific, Ltd., concurred.

President Wexler recalled that last week the Commission had laid out the Agency's requirements, and it appears compliance is almost completed. He noted, however, that action on the Market Street Tower is required today or the developer may lose his rights. He asked Mr. Jee if he saw any difficulty in holding this matter over for one week until all of the paper work has been submitted, and Mr. Jee responded that this would be agreeable to him. Mr. Poy indicated that all but one of the partners had signed. President Wexler suggested that the extension could go to Wednesday of next week. Mr. Jee indicated that it was his understanding that Attorney George Choppelas' client, Mr. Torello, caused some concern, and the concurrence of Mr. Presbridge was never in question since he had always recognized Mr. Jee as a general partner. Mr. Jee reiterated his desire to start on the office building because he needed to discuss the matter with financial interests in New York and he did not want to lose additional time. President Wexler then suggested



UNFINISHED BUSINESS (continued)

the Commissioners could consider a longer extension and noted that the paper work needed to be completed in case there was something beyond his control. President Wexler suggested Mr. Jee schedule the New York meetings after next week's meeting.

Mr. Clark Gillespie came forward and indicated concern that one month's time had elapsed since the request was made. He suggested that an extension date to January 31, 1979 would be a better time schedule. President Wexler believed consideration could be predicated on this date but it was conditioned upon when the paper work is completed.

President Wexler inquired if the extension could be the subject of an executive session and Mr. Borregard replied that it would be appropriate in the context of litigation. President Wexler indicated that the threatened litigation would not be over until the partners had all signed off. Ms. Blomquist asked Mr. Gillespie if he was concerned about starting this week because he could not secure financing by December 31, 1978, and he answered affirmatively, noting that he would prefer January 30, 1979. Mr. Poy concurred that it was now difficult to meet the December date but his team would like to start as rapidly as possible.

Mr. Hamilton expressed understanding of Mr. Gillespie's concern that there would not be sufficient time to accomplish those things that remain to be done, but since the agreement prevented staff from making a recommendation, he would not comment. President Wexler suggested that the Commissioners proceed to grant Mr. Jee until August 9 to get all documentation in and then the question of extension can be decided. Mr. Jee agreed with this suggestion. President Wexler indicated that by next week's meeting Mr. Jee and the staff may have worked out whether there is an alternate site for the apparel mart.

MOTION: It was moved by Mr. Lee, seconded by Mr. Glickman, and unanimously carried that the time of submission for evidence of equity mortgage financing of the Market Street Tower, Yerba Buena Center, be extended until 5 p.m. on August 9, 1978.

RULE OF THE CHAIR: President Wexler indicated that subject to any objections this item would be held over until next week. There were no objections and it was so ordered.

NEW BUSINESS

- (a) Resolution No. 174-78 approving and authorizing the Executive Director to execute an interdepartmental work order with the San Francisco Department of Public Works, Western Addition Approved Redevelopment Project Area A-2.

This concerns a Department of Public Works work order for \$7,000 to perform survey work and prepare plans and specifications for reconstruction of the Post and Buchanan Streets intersection which would improve pedestrian safety and facilitate vehicular traffic. Construction is estimated at \$75,000 which has been budgeted. Mr. Lee inquired if there was to be any staff review after completion of the survey, and Mr. Frank Cannizzaro, Chief of Engineering, responded that staff reviewed the plans during development of the plans and specifications, and does have final approval.





NEW BUSINESS (continued)

ADOPTION: It was moved by Ms. Blomquist, seconded by Mr. Lee, and unanimously carried that this resolution be adopted.

- (b) Resolution No. 175-78 granting to Yerba Buena Village Foundation, a California non-profit corporation, a 60-day extension of designation as developer of Parcels 728-A, E and J, Western Addition Approved Redevelopment Project Area A-2.

This item represents a recommendation for a 60-day extension until October 15, 1978 to the Yerba Buena Village Foundation to enable the developer to assure the California Housing Finance Agency (CHFA) that the contractor will keep construction costs within the mortgage application. The previous extension was until July 5, 1978. President Wexler inquired if Mr. Hamilton had information regarding potential conflicts on this matter, and he responded affirmatively. Mr. Hamilton indicated that in reviewing the history of the sites originally designated for the San Francisco Housing Authority in Western Addition A-2, this was one of many upon which nothing was built. He had indicated that Dr. Amancio Ergina had not been involved in any specific action on this site as a Housing Authority Commissioner. Ms. Blomquist asked if the Housing Authority voted to release the parcel and Mr. Hamilton indicated that the Agency had negotiated releases on this particular site. President Wexler asked when action took place with the Housing Authority, and Mr. Hamilton responded that Dr. Ergina had indicated that it was before Dr. Ergina served on the Housing Authority, and he had been previously unaware it was a site designated for the Housing Authority.

Dr. Amancio Ergina came forward and confirmed Mr. Hamilton's statement, adding that there was no conflict of interest since no money was involved. President Wexler asked when the Foundation was formed, and Dr. Ergina replied it was at the end of 1975. He then inquired when the parcel was released by the Housing Authority, and Mr. Gene Suttle, Area Director for Western Addition A-2, in checking his records noted that Resolution No. 222-75 authorized the offering of the parcel in October 1975, and that it was late spring or early summer when negotiations had been concluded. President Wexler asked when Mr. Eneas Kane became associated with the Foundation, and Dr. Ergina responded it was in 1977 when he acted only in a volunteer advisory position. President Wexler asked how the Foundation came into being, and Dr. Ergina responded that he had been a tenant of public housing and he believed there was a need for lower cost housing. He was the initiator of the Foundation and was appointed as a Commissioner of the Housing Authority on October 12, 1971.

ADOPTION: It was moved by Mr. Glickman, seconded by Mr. Lee, and unanimously carried that this resolution be adopted.

- (c) Consideration of authorization to negotiate a contract for consulting services with Jenkins-Fleming Architects, Inc. to prepare the urban design plan for the Fillmore Commercial Center, Western Addition Approved Redevelopment Project Area A-2.

This concerns negotiation of a contract with Jenkins-Fleming Architects, Inc. for consulting services required for the preparation of an urban design plan for the Fillmore Commercial Center. This team was chosen from three



NEW BUSINESS (continued)

which had been interviewed, although it has been asked to correct certain weaknesses including the availability of Mr. Jenkins in the city, the identification of a manager for the project, and the capability of the team members to work in the community. Ms. Blomquist questioned the necessity of spending \$50,000 for a restudy when one had already been done. Mr. Hamilton responded that this type of study had been done. This study will determine what facilities should be constructed in the Fillmore Center in order to appropriately relate to the scale, mass, architecture, and reflect the community's input. This is needed to develop an effective marketing strategy.

MOTION: It was moved by Mr. Lee, seconded by Mr. Glickman, and unanimously carried that the staff be authorized to negotiate a contract for consulting services with Jenkins-Fleming Architects, Inc. for preparation of an urban design plan for the Fillmore Commercial Center, Western Addition A-2.

- (d) Resolution No. 176-78 authorizing a second amendment to the contract for security guard services in connection with property management activities, Western Addition Approved Redevelopment Project Area A-2.

This concerns a proposed amendment to the security guard contract with Albert's Patrol Services to add 8,000 hours and increase the maximum contract amount to \$161,051. The 8,000 hours will be billed at \$5.14 per hour, or \$41,120, and the additional service will enable the Agency to continue the "as needed" services for such construction jobs as 939-951 Eddy Streets, rehabilitation of buildings, and other special needs. Security services will be maintained through September 30, 1978 when the contract will be advertised. The services are needed to prevent damage from vandalism on buildings that are to be rehabilitated.

Ms. Blomquist asked about the buildings at 939 and 951 Eddy Street, and Mr. Hamilton responded that disposition of these had been delayed pending rehabilitation and required additional guard service. They are to be sold to the Housing Authority for multi-unit dwellings. Bids had been rejected on 939 Eddy because of the general contractor's bonding problems and has again been put out to bid. Mr. Gene Suttle, Area Director for Western Addition A-2, added that a notice to proceed on 939 Eddy will be issued on September 5, 1978. Ms. Blomquist noted that 6,000 hours had been used up to protect these buildings from vandalism and also the newly moved buildings in the Victorian Square area, and Mr. Suttle concurred, indicating that the last tenants had moved out of 951 Eddy on March 15, 1978 and there were instances of vandalism between then and the end of May. Ms. Blomquist suggested placing a manager inside the buildings, but Mr. Suttle responded that it was not effective to do so. He added that there had also been fires and the improvements were destroyed. Ms. Blomquist noted that \$41,000 is to be used in two months, and Mr. Suttle indicated there may be additional hours in the contract. He stressed that the services were not just for the Eddy Street buildings because there were also other properties. These included other construction and rehabilitation work, evictions, and other program activities. Ms. Blomquist asked how much had been spent the previous year and Mr. Suttle reported that it had not been necessary to use all of the 8,000 hours. The total guard cost last year was \$109,000 or \$110,000. Ms. Blomquist asked if there was any police protection, and Mr. Suttle explained the police will not rattle door knobs or run people out without



NEW BUSINESS (continued)

someone from the Agency being present. Mr. Hamilton indicated that the Agency had sought this service from the Police Department, but they would not provide it. President Wexler believed guard service was necessary to save the buildings, otherwise there would be greater damage to them. It was unfortunate to require these services but the buildings are to be rehabilitated and sold, and therefore protection is necessary.

**ADOPTION:** It was moved by Mr. Glickman and seconded by Mr. Lee that this resolution be adopted, and on roll call the following voted "Aye":

Mr. Lee  
Mr. Glickman  
Mr. Wexler

and the following voted "Nay":

Ms. Blomquist

and the following abstained:

None

The President thereupon declared that the motion carried.

Ms. Blomquist indicated that she had voted against the resolution because the guard services were too expensive.

- (e) Resolution No. 178-78 authorizing the Executive Director to execute an agreement with Pacific Gas & Electric Company, Western Addition Approved Redevelopment Project Area A-2.

This item represents execution of an agreement with the Pacific Gas & Electric Company to convert an existing overhead electrical system to an underground one on O'Farrell Street between Fillmore and Steiner Streets. The cost is not to exceed \$9,094 and will serve three buildings consisting of 21 units at 1775, 1785, and 1795 O'Farrell Street, which were to be demolished originally and now have been found to be feasible for rehabilitation.

President Wexler inquired if the Agency was still in the same legal position with PG&E in that it is required to bear these costs, and Mr. Hamilton responded affirmatively. President Wexler inquired if the issue had ever been contested, and Mr. Redmond Kernan, Deputy Executive Director, responded that there had not been a conversion test but the Agency did test extension of lines. The only evidence is clear that the conversion of overhead to underground is that the applicant must pay. Mr. Kernan indicated that some funds are prescribed to the City but those funds are the City's obligation and the Agency uses them. If the Agency orders the undergrounding, then it is at the Agency's cost. President Wexler asked if there was any credit available, and Mr. Kernan replied that there is a credit deducted cost of any overhead facilities that occur as a benefit to the PG&E in getting a new facility instead of an old facility. The PG&E pulls the wires and ends up with a new system; therefore, PG&E bears part of the costs since it installs the wiring in the underground conduits.



NEW BUSINESS (continued)

Mr. Lee asked if \$9,094 was an upset amount or cost plus, and Mr. Kernan replied it was a lump sum agreement.

ADOPTION: It was moved by Ms. Blomquist, seconded by Mr. Lee, and unanimously carried that this resolution be adopted.

- (f) Resolution No. 177-78 authorizing entry of City and County of San Francisco on Agency land to perform certain preliminary work in connection with the construction of the convention center, Yerba Buena Center Approved Redevelopment Project Area D-1.

This item concerns a right of entry for the City's excavation work on the convention center site in Yerba Buena Center. This agreement details the City's responsibility in regard to such matters as insurance, bonds, environmental impact mitigation, affirmative action, and security. President Wexler indicated that an additional agreement had been received and indicated his understanding that this had been executed on behalf of the City by Chief Administrative Officer Roger Boas, but the item would not be taken up until next week. Mr. Hamilton responded that only the right of entry was being considered at this time. President Wexler indicated that Mr. Boas had executed the agreement and was aware of the delay, and Mr. Borregard indicated there was no problem. President Wexler complimented the legal staff on its excellent work on this agreement which covers important issues that allow the City to begin an early entry.

ADOPTION: It was moved by Mr. Glickman, seconded by Mr. Lee, and unanimously carried that this resolution be adopted.

ADJOURNMENT

It was moved by Mr. Glickman, seconded by Ms. Blomquist, and unanimously carried that the meeting be adjourned to executive session. The meeting adjourned at 5:20 p.m.

Respectfully submitted,



Helen L. Sause  
Secretary





MINUTES OF A REGULAR MEETING OF THE  
REDEVELOPMENT AGENCY FO THE CITY AND  
COUNTY OF SAN FRANCISCO HELD ON THE  
8TH DAY OF AUGUST 1978

The Commissioners of the Redevelopment Agency of the City and County of San Francisco met in a regular meeting at 939 Ellis Street in the City of San Francisco, California at 4:00 o'clock p.m. on the 8th day of August 1978, the place, hour, and date duly established for the holding of such meeting.

The President called the meeting to order and on roll call the following answered present:

Howard M. Wexler, President  
Dian Blomquist  
Rubin Glickman  
Melvin D. Lee

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and the following were absent:

Joan-Marie Shelley, Vice President  
Charlotte Berk  
Dr. Hannibal A. Williams

The President declared a quorum present.

Redmond F. Kernan, Acting Executive Director, and staff members were also present.

Also present were Mary Rogers, Benny Stewart, and Richard Harper, Western Addition Project Area Committee (WAPAC); John Igoo, Office of the Mayor; John E. Robinson and Peter Clarke, Clarke and Cramer; Lyman Jee and Henry Poy, Arcon/Pacific Ltd; Wooster, Campeau Corporation of California; Teall Henderson, San Francisco Coalition; Paula Casson, Engman and Associates; and Larry Jacobs, interested citizen.

Representing the press were Ralph Craib, San Francisco Chronicle; Jerry Adams, San Francisco Examiner; and Dan Borsuk, San Francisco Progress.

APPROVAL OF MINUTES

It was moved by Ms. Blomquist, seconded by Mr. Lee, and unanimously carried that the minutes of the Regular Meeting of July 18, 1978, as distributed by mail to the Commissioners, be approved. It was moved by Ms. Blomquist, seconded by Mr. Lee, and unanimously carried that the minutes of an Attempted Executive Meeting of July 11, 1978, as distributed by mail to the Commissioners, be approved. It was moved by Mr. Lee, seconded by Ms. Blomquist, and unanimously carried that the minutes of an Executive Meeting of August 1, 1978, as distributed by mail to the Commissioners, be approved. The minutes of the Executive Meeting of July 25, 1978 will be held over one week.

REPORT OF THE EXECUTIVE DIRECTOR

Acting Executive Director Redmond F. Kernan reported to the Commissioners on the following matters:

- (a) The City has received acceptable bids for construction work in Yerba Buena Center and a groundbreaking ceremony will take place on August 10, 1978 at 12:15 p.m.



REPORT OF THE EXECUTIVE DIRECTOR (continued)

on the corner of Fourth and Folsom Streets. All are invited to the event.

- (b) The last World War II temporary barracks housing will be torn down and a demolition party is scheduled for August 17, 1978 at 10 a.m. on Cashmere Street off LaSalle Avenue in Hunters Point. Mrs. Elouise Westbrook and other community representatives will drive the bulldozer into the last remaining barracks building in the area.

UNFINISHED BUSINESS

- (a) Report on the status of the affirmative action program for the Sacred Heart School, Western Addition Approved Redevelopment Project Area A-2.

Agency General Counsel Leo E. Borregard indicated that resolution of this matter was still pending and that the principals had asked that this item be held over one week.

RULE OF THE CHAIR: President Wexler indicated that subject to the objection of any Commissioners this item would be held over one week. There were no objections and it was so ordered.

- (b) Consideration of the following: (i) extension of time for submission of evidence of financing on the Market Street Tower to December 31, 1978; (ii) approval of the joint venture between Arcon/Pacific and Campeau Corporation of California, Yerba Buena Center Approved Redevelopment Project Area.

President Wexler indicated that the Commissioners needed more information on threats of litigation before the merits of this proposal could be considered.

RULE OF THE CHAIR: President Wexler indicated that subject to the objection of any Commissioner this item would be continued until after item 9(h) at which point the Commissioners will recess to an executive session to consider legal questions and then the public discussion of 8(b) will be held. There were no objections it was so ordered.

NEW BUSINESS

- (a) Resolution No. 179-78 authorizing the Executive Director to execute a confirmation of understanding agreement with the Chief Administrative Officer of the City and County of San Francisco in connection with the construction of the convention center, Yerba Buena Center Approved Redevelopment Project Area D-1.

This concerns an implementation agreement with the Chief Administrative Officer on relationships with the City not covered by the lease and right of entry agreements. Mr. Kernan indicated that the agreement specifically provides for an interim park-like development on the convention center surface if there should be a delay in development of the surface. Also provides is a staging area for construction where the City's contractors can install corporation yards and storage buildings as well as using the area for stockpiling of dirt removed from the Central Block site. The agreement also indicates the City's commitment to respect the Agency's architectural review and affirmative action program.



NEW BUSINESS (continued)

ADOPTION: It was moved by Mr. Glickman, seconded by Mr. Lee and unanimously carried that this resolution be adopted.

- (b) Resolution No. 180-78 indemnifying title insurance companies against losses, if any, incurred by such companies arising by virtue of the Agency's failure to secure valid final decrees in actions brought under the McEnerney Act, within redevelopment project areas.

This action extends the Agency's indemnification of title insurance companies against any losses incurred if the Agency fails to secure final judgments under the Destroyed Land Records Act (McEnerney Act). The present authority relates only to land sales and this action will extend it to the leasing of land. The proposed resolution rescinds Resolution No. 2377, adopted in 1961, and provides for indemnification for land sales and leasing.

President Wexler and Mr. Glickman requested additional information as to what this meant, and Mr. Borregard responded that the action does nothing other than add leasing to sale under an indemnity provision which was in effect for sixteen years. President Wexler asked Mr. Kernan to explain why the Agency would have to indemnify the title companies under any circumstances, and he responded that it is required because the Agency frequently entered into an agreement prior to final court judgments and the indemnification is needed to cover that interim period. President Wexler indicated that the seller does not customarily indemnify the title company and inquired why the Agency should do so. Mr. Borregard replied that it was his understanding that any seller of land where a McEnerney action is to be brought does indemnify the title company which issues the title policy before the McEnerney judgment is rendered. This is a regular practice in San Francisco. That action is taken in the unlikely event a McEnerney judgment is not successfully obtained.

President Wexler suggested that indemnification should given only in cases where specific McEnerney action is needed. Mr. Borregard commented that indemnification of title companies has been a general policy in San Francisco because of the 1906 earthquake and fire which destroyed documents and records. Most properties have had a McEnerney action filed but the procedure is gone through in order to establish this where there is any question with respect to title, and this is a recognized practice and standard procedure. Mr. Borregard indicated he had never heard of one being contested. President Wexler asked if this procedure related specifically to the convention center, and Mr. Borregard responded that it did, but it also concerned all leased lands. President Wexler inquired why there had not been sufficient time to complete the McEnerney action before the Agency leased the land and Mr. Quintin McMahon, Chief of Real Estate, replied that the McEnerney action concerned publicly owned lands such as those streets that are closed, as in the case of the convention center, and where there have been no previous McEnerneys to establish title. If the indemnification is not done funding entities would question the title for the project. Mr. McMahon explained that the streets being vacated for the convention center could not be done until the parcel was ready to be conveyed. The City requested that the streets not be vacated until the last minute before the Agency transfers title to the property. The McEnerney action is also necessary in cases where a survey done by a developer of the property may turn out to be different than the record shows and the property may be in the street area.



NEW BUSINESS (continued)

Because the street areas have never been cleared under a McEnerney action, this portion of the property has to be cleared so that the project will not be delayed. In response to President Wexler's inquiry Mr. McMahon indicated that as a policy the Agency attempted to go through the McEnerney action at the earliest opportunity, but generally this can not occur until the parcel is ready for marketing.

ADOPTION: It was moved by Ms. Blomquist, seconded by Mr. Lee, and unanimously carried that this resolution be adopted.

- (c) Resolution No. 181-78 approving the method of sale and minimum disposal price for certain parcels; approving placement of advertising; and making certain findings and determinations in connection therewith, Western Addition Approved Redevelopment Project Area A-2.

This item is in connection with the offering of nine properties for residential or commercial uses for a total sale amount of \$280,775. These will be sold on the basis of predetermined prices established by appraisals and concurred in by HUD. Selection will be based on (1) architectural quality and design compliance, (2) economic feasibility, (3) developer's financial capacity, and (4) ability to proceed with development expeditiously. Also included is the expenditure of not more than \$2,500 for advertising these parcels in daily newspapers. Mr. Kernan indicated that the language describing the method of sale on the last page of the offering will be modified to conform with the statement in the memorandum to the Commissioners. President Wexler asked if this offering would be affected if the Commissioners desired not to dispose of Parcel 1100-D2 for parking as proposed under 9(e) of the Agenda and whether the offering would need to be amended to include the entire parcel. Mr. Kernan answered affirmatively.

Ms. Blomquist asked if the offering was advertised or mailed, and Mr. Kernan replied it was mailed to anyone who had expressed interest, plus brokerage offices, as well as being advertised. Ms. Blomquist asked how many more vacant lots were in Western Addition A-2 other than in the Fillmore Center area, and Mr. Kernan replied that there were approximately 16 parcels including those in the Fillmore Center area. There were also additional parcels in various stages of commitment. President Wexler asked if there were other lots and Mr. McMahon commented these were the final 16, an additional 8 residential parcels, and one commercial lot, Offering No. 18. There are four parcels in the Van Ness corridor, plus 16 parcels with commitments being studied. Some of the parcels are small and suitable only for parking.

ADOPTION: it was moved by Mr. Glickman, seconded by Ms. Blomquist, and unanimously carried that this resolution be adopted.

NOTE: This resolution was subsequently held as a result of consideration of Agenda Item 9(e) pending determination of the offering of Parcel 1100-D (HLS).

- (d) Resolution No. 182-78 ratifying and approving action of the Executive Director in soliciting bids in connection with site improvements on Lot 44, Block 684; awarding contract to Pacific Pavements on the basis of low bid received and authorizing execution thereof, Western Addition Approved Redevelopment Project Area A-2.





NEW BUSINESS (continued)

This item concerns execution of a contract with the lowest of two bidders, Pacific Pavements, for \$42,000 to provide grading, paving, and utility installation for a parking lot in Victorian Square. Mr. Kernan indicated the contract was previously bid and the only bid of \$53,000 was rejected. Ms. Blomquist asked what the square footage was, and Mr. William McClure, Director of Rehabilitation, responded that it was 98,033 square feet. President Wexler asked about making the price range available to bidders, and Mr. Kernan indicated that an estimated price range of \$20,000 to \$30,000 was made available to the bidders. This is not normally provided. In this case it was done to indicate the anticipated magnitude of the work and to assist the bidders in obtaining bid bonds.

President Wexler asked if there were any indication why seven bidders had picked up bid packages, but only two had bid. Mr. McClure responded that he had not specifically asked the bidders that question, but generally their responses indicated that they were too busy or had other jobs. He commented that the Agency was receiving fewer and fewer contractors willing to bid on the Agency's jobs, even though an extensive list of contractors had been contacted and the jobs had been advertised. He believed one reason was that there was a great deal of work going on privately and the Agency's work was less attractive than the work of private jobs.

President Wexler requested that the Commissioners be provided information when only a few contractors submit bids. This information should include the number of bidders that picked up packets but did not submit bids and why they did not bid. He indicated he would like to determine whether there is a pattern so the Commissioners could deal with the problem and change the approach and if there is something that is deterring contractors from bidding. Mr. McClure indicated this would be done.

Mr. Kernan indicated that contractors often pick up the packets, therefore the number of bid packets taken out do not relate to the number of potential general contractors that could be expected to bid. In this case, only two general contractors had picked up packets.

In connection with the cost of parking, President Wexler inquired if this could affect the cost of the 1/11th ownership being sold to the businesses in the Victorian Square, and Mr. Kernan responded that the value of the parking lot was determined to be \$48,400 and each owner charged \$4,400 for a 1/11th share. The Agency will sell the parking lot for what HUD determines will be the fair-market value.

ADOPTION: It was moved by Mr. Glickman, seconded by Mr. Lee, and unanimously carried that this resolution be adopted.

- (e) Resolution No. 183-78 authorizing designation of developer for property on Beideman Place, Parcel 1100-D-2, Western Addition Approved Redevelopment Project Area A-2.

This item concerns designation of Mr. Larry Jacobs as the developer of a 2,970 square-foot parcel adjacent to his seven-unit apartment at 2049 O'Farrell Street to provide six parking spaces. Mr. Jacobs has agreed to provide the landscaping



NEW BUSINESS (continued)

and fence screening necessary to make the parking an acceptable use in the neighborhood. The price is \$7,200 and designation is for a 90-day period.

Mr. Kernan recalled that at the May 30, 1978 Agency meeting the Commissioners had considered a negotiated disposition agreement for Ms. Nancy Lee Finley on the 11,970 square-foot Parcel, 1100-D. Mr. Jacobs had appeared at that meeting requesting that the Commissioners allow him to acquire a portion of that parcel for off-street parking for his tenants.

Mr. Glickman asked if the Western Addition Project Area (WAPAC) concurred in the designation of the parcel for parking rather than housing, and Mrs. Mary Rogers came forward and indicated that WAPAC did not prefer parking over housing, but recognized that Mr. Jacobs was a certificate holder and needed the land for parking. This was the same parcel which had formerly been designated to Mrs. Victoria Meeks as a developer, but when she defaulted WAPAC agreed that Ms. Finley be designated for its development. Ms. Finley intended to sell the units as condominiums and WAPAC was concerned about that approach. WAPAC then recommended that the land be sold to someone like Mr. Jacobs, but Mrs. Rogers wanted it made clear WAPAC had not said the land should be utilized for parking instead of housing. Mr. Glickman expressed his belief that housing was more desirable than parking, noting that three units could be built on the 3,000 square-foot parcel and one parking space provided for each unit. Mrs. Rogers pointed out that part of Mr. Jacobs' building overhangs the parcel and she believed this would be an impediment to building housing on the parcel.

Mr. Kernan indicated that there was a bay window which intruded into the adjacent parcel and it would have to be removed if Mr. Jacobs was not designated for development of the lot. He recommended that Mr. Jacobs be designated as developer of the lot for parking.

Mr. Larry Jacobs came forward and stressed his need for the parcel. He indicated there were four hospitals in the area and the tenants in his six units needed parking because they cannot park their cars at their residence. Also, there is no place for children to play, and there is a need for open space and sunlight and with regard to the bay window, it had been there for over 90 years. He claimed that cars were even parked on the sidewalks from 6 a.m. to 5 p.m. and that his neighbors supported him in his action. He believed that if anything else were done with the parcel it would destroy the open space and sun and block the view of the neighbors. In response to President Wexler's inquiry Mr. Jacobs indicated that if the entire parcel were put out to bid he may be interested in bidding on it. However, its development required technical skill and knowledge that he was somewhat doubtful if he could provide.

Mr. Gene Suttle, Project Area Director for Western Addition A-2, came forward and indicated that Mr. Jacobs had appeared at the meeting of Beideman Place property owners who expressed approval of the proposal, but had not approved or voted on it. He reaffirmed that there was a parking problem in the neighborhood. President Wexler suggested that the item be delayed for one week to permit the Commissioners to look at the parcel before making a decision. Mr. Kernan indicated that the parcel, as divided, was included in the offering brochure previously approved, and it would need to be modified to offer the entire parcel. Mr. Quintin McMahon, Chief of Real Estate, indicated that the



NEW BUSINESS (continued)

offering could be held in one week. Mr. Lee asked if the offering deadline of October 31, 1978 should be changed and Mr. McMahon indicated it would remain as is.

President Wexler indicated that if possible the entire parcel would be offered for development of housing but noted that the Commissioners needed a week to see the site. Ms. Blomquist recalled that the Commissioners had turned down a developer because the parcel was being offered to Mr. Jacobs, and time was needed to study this possibility. Mr. Glickman indicated that the parcel had not gone out to public bid and questioned whether it should be disposed of directly to any developer.

Mrs. Rogers indicated her belief was that at the May 30, 1978 meeting the Commissioners had instructed staff to work out something to provide for Mr. Jacobs' parking needs and now it appears this has been done. She questioned why the Commissioners still appeared to be dissatisfied. Mr. Glickman stressed that he did not favor giving the parcel to any developer without a public offering. Mrs. Rogers indicated that the staff, WAPAC, and Mr. Jacobs were to have worked out an agreement and that Mr. Jacobs had appeared before the Planning and Development Committee of WAPAC in accordance with this agreement. Mr. Glickman indicated his desire to see the parcel. Mr. Lee suggested a week's delay and suggested Mr. Jacobs consider developing the entire parcel.

Mr. Jacobs commented that when the Agency gave him his certificate thirteen years ago he was not informed that when the time came to buy property this would have to be one large parcel. He contended that this was a single-family area and in his opinion a small individual as opposed to a large developer could not build on large parcels.

President Wexler indicated that the Commissioners wanted to determine whether this land was more appropriately used for parking or for housing and that they wished to view the lot. Housing is a more desirable use than parking but the Commissioners understood that Mr. Jacobs was desirous of having parking. Mr. Jacobs believed that the parcel was so large, a small developer could not bid on it and in his opinion redevelopment was for both large and small developers and he only wished to purchase something that he believed had been promised him.

President Wexler indicated that the Commissioners believed all available land should be put out to public offering so anyone could bid. Mr. Jacobs believed the parcels were too large. Mr. Glickman indicated he wanted the item held over for one week so the site could be inspected.

MOTION: It was moved by Mr. Glickman, seconded by Mr. Lee, and unanimously carried that this item be held over one week.

- (f) Resolution No. 184-78 awarding Site Improvement Contract No. 20 to Munkdale Bros., Inc., India Basin Industrial Park Approved Redevelopment Project Area.

This represents award of Site Improvement Contract No. 20 to the lowest of two bidders, Munkdale, Bros., Inc., for \$1,087,435 to provide for construction of sidewalks, street trees, landscaping, irrigation, auxiliary water supply systems, street lights, fire alarm system, underground electrical ducts, fencing,



NEW BUSINESS (continued)

and earthwork. All work is on Cargo Way between Third and Jennings Streets. This bid was over the consultant's estimate but is believed to be necessary to get the work done quickly.

President Wexler indicated that twenty-four bidders had picked up the bid packages and asked if there was any information as to why they did not bid. Mr. Frank Cannizzaro, Chief of Engineering, responded that staff had asked the bidders and their responses indicated that they had other work and they did not want to bid on this job but he did not specifically obtain all the bidders' response to this question. Most of the contractors were working at their maximum bonding capacity and also wished to work closely to their present site of operation.

Mr. Glickman indicated that this was a large \$1 million job and only two bidders responded. He wondered if in private contracting practice two bidders would be considered adequate. Mr. Lee suggested that perhaps it was the time of the year when contractors were busy on private projects. He asked if the Agency was paying Jordan Associates to check the estimates and inquired about the estimate which was 29 percent lower than the actual bid. Mr. Kernan responded that they did their estimate by working with the design drawing and that the primary difference in the bid apparently results from an error in the quantity take off for the irrigation work. Mr. Glickman asked if contractors picked up bid packets even if they were too busy to do the work and Mr. Lee responded that it depended on many factors but contractors frequently picked up bid packages to see the scope of the proposed work. Mr. Kernan asked how many of the twenty-four bid packets were given to general contractors and how many were given to subcontractors, and Mr. Cannizzaro replied that there were four general contractors and twenty subcontractors that had received the packets. President Wexler requested that this information be provided in future memoranda. Ms. Blomquist asked about the length of Cargo Way, and Mr. Cannizzaro responded it was 3,000 square feet, and the work would take four months to complete. Mr. Lee believed that the four-month construction period may have deterred some bidders and asked if this could be extended to six months. Mr. Cannizzaro replied that he would be unable to extend the time without an adjustment in the contract price and that the primary problem with a six-months' contract period is that the rainy period would start and it could require several months of additional time.

ADOPTION: It was moved by Ms. Blomquist, seconded by Mr. Glickman, and unanimously carried that this resolution be adopted.

- (g) Resolution No. 185-78 approval of final change order to Personal Services Contract No. 1E-10 with John V. Lowney and Associates, India Basin Industrial Park Approved Redevelopment Project Area.
- (h) Resolution No. 186-78 authorizing the Executive Director to enter into a Personal Services Contract with Don Hillebrandt Associates, India Basin Industrial Park Approved Redevelopment Project Area

Mr. Kernan requested and received permission to consider both these items together because they were related. The first item concerns a change order to the John V. Lowney and Associates contract for \$1,387.47 to provide soils consultation, testing and inspection for site improvement contract work in India Basin. The contract originally was executed June 10, 1975 for \$147,100 for a





NEW BUSINESS (continued)

duration of six years or until funds were exhausted. Staff estimated an additional \$42,500 would complete the work but negotiations with Mr. Lowney were unsuccessful and therefore it is recommended that the firm be paid in full to complete its work and that a contract be executed with the principal who is actually performing the work, Don Hillebrandt. Mr. Hillebrandt's work is covered by the second item to include soils engineering services for an amount not to exceed \$42,500.

Ms. Blomquist questioned if \$147,100 had been expended within three years' time, and Mr. Cannizzaro responded affirmatively, noting that there was an additional \$1,400 required to complete the contract. Ms. Blomquist commented that it appeared six years' of funds were spent in three years, and Mr. Cannizzaro explained that the contract was to handle all soils inspection and the primary consultant that did the work completed most of it during the first three years of the contract and that the remaining work of observation and monitoring settlement was intended to require little consultant cost. Mr. Kernan confirmed this noting that expenditure of the contract did not bear a straight-line relationship with the amount of work performed.

Mr. Glickman asked who was in charge of the negotiations with Messrs. Lowney and Hillebrandt, and Mr. Kernan replied it was the project engineer. Mr. Cannizzaro indicated he was involved at the start of negotiations and in response to Mr. Glickman's inquiry he noted that Mr. Lowney had submitted a request that the contractual relationship be terminated. Mr. Lowney was given every opportunity to continue but he did not wish to do so. Mr. Glickman asked if the contract were terminated because of price, and Mr. Cannizzaro replied it was because an agreement could not be reached on the cost of living adjustment. Mr. Lowney had asked for an adjustment which was twice as much as staff felt they could recommend. Mr. Lowney had also been approached by others to do private work for other developers in the area and staff believed this would be a conflict of interest.

ADOPTION: It was moved by Mr. Lee, seconded by Mr. Glickman, and unanimously carried that Resolution No. 185-78 be adopted.

ADOPTION: It was moved by Mr. Glickman, seconded by Mr. Lee, and unanimously carried that Resolution No. 186-78 be adopted.

At this point President Wexler announced that the regular meeting would recess for ten minutes to an executive session dealing with potential legal issues and then reconvene to consider Items 8(b) and 9(i). The meeting recessed at 4:35 p.m.

The meeting reconvened at 6:15 p.m.

UNFINISHED BUSINESS (continued)

- (b) Consideration of the following: (i) extension of time for submission of evidence of financing on the Market Street Tower to December 31, 1978, and (ii) approval of the joint venture between Arcon/Pacific and Campeau Corporation of California, Yerba Buena Center Approved Redevelopment Project Area.

Mr. Kernan indicated this was a request from Arcon/Pacific, Ltd., for an extension of time for submittal of evidence of financing on the Market Street Tower



UNFINISHED BUSINESS (continued)

to December 31, 1978 and approval of a joint venture with Arcon/Pacific, Ltd., and Campeau Corporation California.

President Wexler asked Mr. Henry Poy, attorney for Mr. Lyman Jee of Arcon/Pacific, whether he wanted the submittal date to be December 31, 1978 or January 31, 1979, and Mr. Poy asked for the latter. President Wexler inquired if the joint venture which the Commissioners had approved on May 16, 1978 between Arcon/Pacific and Campeau was the same one now being proposed, and Mr. Poy responded that basically it was the same but the interests were somewhat different to meet the requirements for the State of California. Mr. Glickman asked what these changes were, and Mr. Poy responded that Arcon/Pacific was now 30 percent and Campeau 70 percent. President Wexler inquired about division of the Arcon/Pacific interest, and Mr. Poy responded that Arcon/Pacific was a limited partnership with one general partner and several other partners. The 30 percent interest is distributed among these partners.

Mr. Borregard explained that the structure proposed is a joint venture coming into being if certain conditions precedent happened, which include financing for the Market Street Tower, the purchase of land for the building at which time is under escrow instructions and funds deposited with the Bank of America. The percentage of interest to Arcon/Pacific will be then determined, but if these conditions are not met then no joint venture is formed. President Wexler suggested that the Agency should have these conditions on record. Mr. Borregard indicated there were a number of conditions. President Wexler asked what these would be and if they included a contingency of obtaining another apparel mart site.

Mr. Poy indicated the escrow instructions were complicated but basically Campeau will come in as a joint venture upon obtaining the necessary equity mortgage financing on the Market Street Tower. Mr. Borregard indicated his understanding that the instructions are to be signed by the Arcon/Pacific partners, and basically concern the submittal of funds and division of interest. They provide that the signers have an option, in the event there is not designation of an apparel mart site to terminate the escrow. If it is terminated then no structure can be built. He believed that the escrow instructions link the Market Street Tower to the Apparel Mart. Mr. Fritz Wooster, attorney for Campeau, agreed with this interpretation although the instructions were more complicated and had a 5-day waiver provision.

President Wexler believed that this aspect was important to consider so there would be no misunderstanding on an alternate apparel mart site. He stated that there is no commitment on the part of the Agency to designate another site although discussions will continue on that proposal. Mr. Poy indicated that this was understood.

President Wexler inquired if Arcon/Pacific and Campeau's attorney was aware there was a question as to whether or not the property in the February 14, 1978 agreement as Site 3 may not be deliverable by the Agency. He also asked if there was anything Arcon or Campeau could provide in the way of assurances that the Agency would not be engaged in litigation over Site 3. Mr. Poy responded that he believed the agreement was written in that context and the Agency staff had advised him that it may not be able to deliver Site 3, however, he believed that the intent was to provide a trade-off for the same number of sites. Mr. Poy believed that Arcon/Pacific had proceeded in good faith and



UNFINISHED BUSINESS (continued)

left Site 3 vaguely defined but was working on the assumption that they would end up with the same number of sites as contemplated in the original agreement. Mr. Wooster indicated that Campeau recognized there were problems with the site and was not inflexible about the development of that site which he believed could be resolved later. Campeau's concern was on the first building and he stated the intention of Campeau to work with staff and come to some agreement accommodating both the Agency and Campeau.

President Wexler asked that the Campeau representative recognize that the Agency is in a position of being asked to consider an extension of time on the Market Street Tower which would lapse tomorrow. If the time period does lapse the developer rights on Sites 2 and 3 will also lapse with it, therefore, an extension becomes crucial. At the same time the Agency is in a situation where there may be litigation on Site 3 and that is something the Commissioners want to avoid. He asked if Mr. Wooster had any suggestions. Mr. Wooster responded that Mr. Clark Gillespie of Campeau had suggested the language as concerning Site 3 be structured in terms of rights of first refusal on all alternate sites. He believed this was also Mr. Jee's wishes but that it was premature to finalize such a proposal.

Mr. Lyman Jee came forward and indicated his recognition that Site 3 visually blocked the Pacific Gas and Electric Building, but Arcon/Pacific was willing to have the Site 3 language continued because there were so many variables which could be determined later. He believed that there would be an opportunity for discussion of where Site 3 might be located later.

He mentioned that there were also some alternative air rights, however, he would like to have first priority at the Third Street site. He indicated he would not ask the Agency to assure him of a specific site.

President Wexler expressed concern that the potential of litigation could inhibit the Agency's ability to sell land in Yerba Buena Center. If the alternate for Site 3 was not defined then the Agency could be in the negative position of having Arcon/Pacific claim development rights to any site offered. Mr. Jee noted he had indicated to staff that he could not determine where Site 3 was when he did not have a master plan to follow and was concerned that he would be denied the rights to an alternate site. He suggested making the parcel designation subject to the approval of a master plan.

Mr. Glickman expressed concern about the Commissioners fulfilling their obligation to sell land in the project area for development, as well as to protect the City from exposure to litigation. He suggested that the Commissioners could grant the extension on the Market Street Tower, but request that Mr. Jee release the Agency from its obligation to deliver Site 3. Negotiations could continue but he believed that the Agency should not make a commitment to provide a site. He suggested granting extension subject to release of the Agency's obligation to provide Site 3. Mr. Glickman indicated this would be an extension to secure mortgage financing by January 31, 1979 and be subject to the release from all partners of all rights relative to providing a Site 3. President Wexler indicated that up to January 31, 1979 there could be continuing discussions. Mr. Glickman suggested these be to determine if the Agency can come up with a site, but specify that there was no obligation to do so. Mr. Glickman concurred in President Wexler's suggestion that the Agency should be under no obligation to produce an alternate site. He believed it was the obligation of Mr. Jee to rely on the Agency to negotiate on the matter.





UNFINISHED BUSINESS (continued)

Mr. Poy responded that what Mr. Glickman had suggested was difficult for Arcon/Pacific because of its internal problems and it would be necessary to talk to various persons involved. He asked that the item be held over so Mr. Jee could hold these discussions and come back with a decision on the matter. He believed this was necessary since this was the first time this approach had been mentioned. President Wexler asked if there were further comments on Mr. Glickman's proposal.

Mr. Fritz Wooster came forward and indicated his understanding of the proposal. He noted that it would be fair not to require an answer today, so that the principals could be apprised of it. President Wexler indicated that a one-week extension could be granted on Mr. Glickman's proposal. He suggested proceeding with discussions in New York in regard to the Market Street Tower in order to begin developing the evidence of financing in hand. He suggested that the Commission could grant the extension without having the principals' consent. President Wexler added that the partners needed to consider their ability to sign off on the alternate site for the Apparel Mart and during that same period Mr. Wooster could explore with staff whether there was some other resolution to provision of these sites. President Wexler believed that the advantage of Mr. Glickman's proposal was that it would eliminate the potential exposure to litigation on Site 3 and would provide until January 31, 1979 sufficient time to do this.

Mr. Poy indicated that the financing would not be acceptable without the sign-off and stressed that their partners needed to be consulted on this matter that has just been brought up for the first time.

Mr. Jee indicated that he had still not seen the master plan and he believed that the parcel originally intended as Site 3 was still an office building site, but was inhibited by a 50-foot height limitation. President Wexler indicated he had not seen the master plan either. Mr. Jee noted that his agreement with the Agency requires that the developers agree to abide by the master plan, therefore, they would be willing to build a 50-foot building.

Mr. Glickman believed that a solution could be found but wanted everything worked out to protect the Agency against litigation. He noted his understanding that the developers were asking for additional rights and in turn the Commissioners were asking them to release the Agency from the potential of litigation. He expressed concern that the Agency would be committed to permitting development of a tall building which would not work, and this could result in litigation and stop the whole project. He agreed that the developers could always have additional time, but the Agency wanted to protect itself now. He added that the developers did not have to accept this concept, but a two or three weeks' delay would affect the time they would gain if their extension request was granted. Mr. Jee understood that a solution was needed that would not interfere with the development of Central Blocks.

Mr. Wooster indicated he did not have the authority to accept the condition proposed by Mr. Glickman concerning Site 3 without consulting Campeau. He expressed concern that two or three weeks earlier the Commissioners indicated they could not consider an extension without certain signatures from the Arcon/Pacific partners, which could result in a lawsuit. He understood this threatened litigation had now been removed. The problem of the third site has always existed, but now it appeared the Commissioners were asking the developers to go beyond this and provide additional assurances. President Wexler stated that





UNFINISHED BUSINESS (continued)

Mr. Wooster was correct, however, the Commissioners had expressed their desire that all potential litigation be removed. At that time the only matter they were aware of concerned the February 1978 agreement. In the interim they were informed there was potential litigation on Site 3. President Wexler stressed that there is no change in terms or attitudes, it is only that the Commissioners intend to remove all threatened litigation. He noted that Mr. Glickman had not suggested making the release of Site 3 as a condition precedent to granting the extension, but proposed allowing the developers to go forward and get the Market Street Tower building underway. Mr. Wooster indicated his understanding and reiterated that he would have to speak to his principals as he was not authorized to commit Cameau.

Mr. Poy stated that the 50-foot height limit on Site 3 and the proposed waiver of development rights on Site 3 were matters that would need to be discussed with the Arcon/Pacific principals before a decision could be made. This may require another two weeks. Mr. Poy commented that Site 3 may be a potential litigation subject and that he understood the Agency wanted to avoid litigation but he wanted to avoid termination. The Agency had approved the February agreement and Mr. Poy believed the developer could live with the 50-foot height limitation, but there were other things which were not yet tied down. He believed all best efforts would be directed to working with the Agency, but that it would be unfair to relinquish Site 3. Mr. Jee confirmed that they would conform to a 50-foot or even a 10-foot limit.

Mr. Glickman indicated that if Mr. Poy was willing to live within the master plan and if an agreement could be negotiated within two weeks between staff and the developers which would satisfy the concerns about the possibility of litigation, he would be in favor of an extension. If this could not be done, he would oppose it. Mr. Borregard commented that in the context of the discussion he was not aware of a master plan, but this could be discussed and an agreement formulated.

Mr. Kernan noted that it was the recommendation of staff that the building to go on the site tentatively considered as Site 3 could be an office building, but it was to be a people-oriented use since it provided part of the project entry way. It would be the only building having a frontage on the plaza and should be utilized for such uses as were compatible with its location. Mr. Jee commented that the first two floors could be commercial and the upper floors used for office space. He pointed out that the Commissioners retained control and approval on height limitations and design, so that anything to be built would be approved by the Commissioners. President Wexler asked if one week's time would be sufficient to resolve the problems, and



UNFINISHED BUSINESS (continued)

both Messrs. Jee, Poy and Wooster indicated they needed more time because vacation periods would intervene and paper work took time. Mr. Borregard indicated that he did not anticipate any problems with granting a two-weeks' extension until August 23, 1978 at 5 p.m., and Mr. Glickman concurred.

Mr. Lee commented that he had not previously heard of the developer's willingness to limit a building on this site to 50 feet or 10 feet in height, and he had no knowledge of the height limitations recommended by the Skidmore, Owings and Merrill report. Mr. Kernan responded that the firm had not yet finalized the report and that the Arcon/Pacific agreement prevented staff from recommending either in favor of or in opposition to an extension. This incapacitated staff from informing the Commissioners that there was a condition precedent to an extension implied in the extension.

Mr. Kernan expressed concern that the Arcon/Pacific instructions have a date of August 18, 1978, and the extension would pass that date. Mr. Poy indicated his belief that the agreement did not preclude the staff from recommending for or against the extension, and Arcon would waive that clause in the agreement. Mr. Kernan believed it had prevented staff discussions, and Mr. Borregard concurred and advised against the Agency accepting the waiver. President Wexler indicated that the issue remained that the Commissioners wanted to be free of threatened litigation and suggested staff and the developers work together to see if there is a way to remove any potential litigation. He noted that the problem of the dates in the escrow instructions can be clarified while the matter is held over.

ADOPTION: It was moved by Mr. Lee, seconded by Ms. Blomquist, and unanimously carried that an extension of developer's rights for the Market Street Office Building in Yerba Buena Center Approved Redevelopment Project Area be granted until 5 p.m., Wednesday, August 23, 1978.

RULE OF THE CHAIR: President Wexler indicated that subject to any objections Item 8(b) will be continued until the August 22, 1978 regular meeting. There were no objections, and it was so ordered.

President Wexler indicated that the meeting would be recessed to the fourth floor conference room for Item 9(i). The meeting recessed at 7:20 p.m.

The meeting reconvened at 7:30 p.m., and President Wexler indicated that Messrs. Lee and Glickman had excused themselves and left the meeting. He asked the staff to make the presentation of land uses in Yerba Buena Center, noting that since there was no quorum, no action would be taken, but this would be a public information session.

(i) Status review of proposed land uses for the Yerba Buena Center Project.

Mr. Kernan indicated on a map the parcels under consideration for designation to various developers including the Stebbins Foundation, Moose-Nishkian, and Arcon/Pacific. He noted that within a short time the Commissioners would need to consider decisions on these sites and the presentation was intended to provide background information for those actions. He particularly pointed out the location of the office building site tentatively designated in the Agreement with Arcon/Pacific as Site 3. Mr. Kernan



UNFINISHED BUSINESS (continued)

indicated on an illustrative rendering the height and bulk of a building the Agreement permitted to be constructed on this site. He noted that the Skidmore, Owings and Merrill (SOM) Urban Design Study presently underway for Yerba Buena Center had identified this site as the location of a much lower building with a height limit of approximately 50 feet.

Mr. Conrad indicated on maps the original and proposed land uses, noting the areas in which SOM has made preliminary recommendations for land use changes. He also indicated the sites presently designated for housing, and those that are proposed by SOM. Mr. Conrad reported that SOM had developed a number of schemes with particular emphasis on alternative marketing strategies and indicated on the map where sites had a dual use of either housing or commercial.

At this time, 7:50 p.m., Ms. Blomquist excused herself from the meeting.

In response to President Wexler's inquiry, Mr. Kernan indicated the areas designated for parking. Mr. Conrad noted that the construction of the convention center would have an immediate impact by decreasing available parking in the area. Mr. Kernan commented that the Mayor's Select Committee had recommended moving the apparel mart to a site directly across the street from the Central Blocks during its evaluation of the area in 1976. Arcon/Pacific has again requested that this site be made available for the apparel mart's construction. Mr. Kernan indicated a number of considerations that affected such a developer designation such as the evaluation by HUD in preparing the EIS which has indicated a need to relocate TODCO Site 3. He recalled that Mr. John Eberling, Executive Director of TODOR, had requested the Commissioners' consideration of locating the TODCO housing Site 3 to the site presently contemplated for development by Moose-Nishkian. Mr. Kernan noted that Moose-Nishkian represents a participating owner who wishes to develop the parcel in conjunction with Mr. Nishkian's adjacent parcel. He also noted that an expression of interest had been received from the Stebbins Foundation to develop a center for social services for the elderly in the area as well as elderly housing. He suggested that the designation of the apparel mart for the location across from the Central Blocks would inhibit the Agency's flexibility in satisfying these competing developmental needs. Mr. Kernan also noted that the character of the project was changed by the retention of the Mercantile Building and the Jessie Street substation as part of a proposed historic area which could include the preservation of additional buildings such as the "Williams Building." Mr. Kernan indicated that there was a possibility of constructing housing on the T-shaped parcel between 3rd and 4th Streets on Folsom. However, TODCO had preliminarily rejected this site. Mr. Kernan also indicated that the height limits proposed by SOM would have an influence on the development for the area. Mr. Lyman Jee inquired about the effect of the housing requirement in the settlement of the Brinton lawsuit and whether this had an effect on the development of Site 3. Mr. Kernan indicated that the problem with Site 3 primarily concerned the building's height. Mr. Jee noted that he understood this potential problem, but believed a number of creative solutions could be found to mitigate the height limit. He again expressed concern about the effects of the Brinton settlement and the need for housing in the area. Mr. Jee reported that he had spent approximately three hours with SOM discussing the

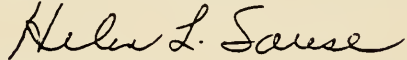


UNFINISHED BUSINESS (continued)

alternative sites that could be considered for construction of the apparel mart.

President Wexler thanked staff for the presentation and left the meeting at 8:05 p.m.

Respectfully submitted,

A handwritten signature in cursive script, reading "Helen L. Sause".

Helen L. Sause  
Secretary





SEP 26 1978

MINUTES OF A REGULAR MEETING OF THE  
REDEVELOPMENT AGENCY OF THE CITY AND  
COUNTY OF SAN FRANCISCO HELD ON THE  
15TH DAY OF AUGUST 1978

DOCUMENTS DEPT  
PUBLIC LIBRARY

The Commissioners of the Redevelopment Agency of the City and County of San Francisco met in a regular meeting at 939 Ellis Street in the City of San Francisco, California at 4:00 o'clock p.m. on the 15th day of August 1978, the place, hour, and date duly established for the holding of such meeting.

The President called the meeting to order and on roll call the following answered present:

- Howard M. Wexler, President
- Charlotte Berk
- Dian Blomquist
- Rubin Glickman

and the following were absent:

- Joan-Marie Shelley, Vice President
- Melvin D. Lee
- Dr. Hannibal A. Williams

The President declared a quorum present.

Wilbur W. Hamilton, Executive Director, and staff members were also present.

Also present were Arnold Townsend, Mary Rogers and Richard Harper, Western Addition Project Area Committee (WAPAC); John Hennefer, Ms. Beverly Smithurst and S. McDaniels, Sacred Heart High School; Willa Jones, Bayview-Hunters Point Joint Housing Committee; Charles Walker and Wilbur J. Weston, Minority Truckers; and Larry Jacobs and Henry Lee, interested citizens.

Representing the press were Jerry Adams, San Francisco Examiner, and Dan Borsuk, San Francisco Progress.

APPROVAL OF MINUTES

It was moved by Mr. Glickman, seconded by Ms. Berk, and unanimously carried that the minutes of an Executive Meeting of June 6, 1978, as distributed by mail to the Commissioners, be approved. It was moved by Ms. Blomquist, seconded by Mr. Glickman, and unanimously carried that the minutes of the regular meeting of July 25, 1978, as distributed by mail to the Commissioners, be approved. It was moved by Mr. Glickman, seconded by Ms. Blomquist, and unanimously carried that the minutes of the Regular Meeting of August 1, 1978, as corrected and as distributed by mail to the Commissioners, be approved. It was moved by Mr. Glickman, seconded by Ms. Blomquist, and unanimously carried that the minutes of an Executive Meeting of August 8, 1978, as distributed by mail to the Commissioners, be approved.



REPORT OF THE EXECUTIVE DIRECTOR

Executive Director Wilbur W. Hamilton reported to the Commissioners on the following matters:

- (a) Two lawsuits have been filed on the Yerba Buena Center project. These are now under evaluation and the first assessment indicates that they may have little merit. Agency General Counsel Leo E. Borregard will be making a definitive assessment and the Commissioners will be kept advised on the matter.
- (b) The Northeastern Waterfront (NEWF) Citizen's Committee has recommended acceptance of Mr. Hellman Yee's resignation and the substitution of Mr. David Chang to serve on the Citizen's Committee. The Planning Commission has concurred in this change.

MOTION: It was moved by Ms. Blomquist, seconded by Mr. Glickman, and unanimously carried that Mr. David Chang be accepted as a replacement for Mr. Hellman Yee who resigned on the Citizens Committee for the Northeastern Waterfront.

- (c) Mr. Hamilton announced the sad news of the death of Mr. Mel Ury, Project Director who had been with the Agency for twelve years. A memorial service will be held Thursday, August 17, 1978, at 4:30 p.m. in the Chinese Cultural Center at 750 Kearny Street, which he helped to found. Contributions may be sent to the Melvin C. Ury Memorial Fund, Friends of Radiology, Stanford University.

President Wexler, on behalf of the Commissioners, expressed sorrow about Mr. Ury's death. He commented that he had been privileged to know Mr. Ury for about one year and during that time had seen him work hard in Yerba Buena Center to successfully achieve results in that project in clearing away legal problems. He was also to be commended for his role in establishing the Chinese Cultural Foundation. President Wexler indicated it was a sad loss for the Agency.

- (d) Bids were taken on two project loan note issues this morning, one for \$15,645,000 for Western Addition A-2, and the other for \$25,615,000 for Yerba Buena Center, or a total of \$41,260,000. Bids ranged from 4.41 to 4.59 percent and the successful bidders were Crocker National Bank and Wells Fargo Bank jointly managing \$10,000,000 and Bank of America for \$31,260,000 at a weighted average interest rate of 4.48 percent.
- (e) President Wexler indicated that several months earlier a community meeting had been planned in Western Addition A-2 and inquired when the meeting would take place. Mr. Earl Mills, Deputy Executive Director for Community Services, responded that Mr. Gene Suttle, Area Director for Western Addition A-2, had been discussing the meeting with Mrs. Mary Rogers of the Western Addition Project Area Committee (WAPAC) and it appears that the date will be around September 1, 1978 and it will be definitely established yet this week and the Commissioners will be advised. Mrs. Rogers came forward and indicated that she hoped it would be held on August 25, 1978.



UNFINISHED BUSINESS

- (a) Resolution No. 183-78 authorizing designation of developer for property on Beideman Place, Parcel 1100-D-2, Western Addition Approved Redevelopment Project Area A-2.

President Wexler indicated his understanding that there was a request to hold this matter over and Mr. Hamilton concurred noting that the staff had just been contacted by the adjacent property owner and his concerns should be discussed before the matter was considered by the Commissioners. Mr. Hamilton believed that such a meeting had been scheduled and requested that the item be held over one week.

RULE OF THE CHAIR: President Wexler indicated that subject to the objections of any Commissioner, this item would be continued for one week until August 22, 1978. There being no objections it was so ordered.

President Wexler asked staff to advise Mr. Larry Jacobs of the delay.

- (b) Report on the status of the affirmative action program for the Sacred Heart High School, Western Addition Approved Redevelopment Project Area A-2.

Mr. Hamilton requested Mr. Mills to report on the status of the affirmative action program for the Sacred Heart High School. Mr. Mills indicated that staff had met with Mr. John Hennefer, representing the Sacred Heart High School, and had discussed the resolution adopted by the Commissioners on July 18, 1978. Mr. Hennefer had not expressed any disagreement with the provisions in the resolution and had met with WAPAC this morning but the results of that meeting were not yet known. President Wexler inquired if the 50 percent goal required by the Commissioners was agreed to by Mr. Hennefer, and Mr. Mills responded affirmatively and added that the agreement included the employment of women and all Federal regulations.

Mr. John Hennefer came forward and indicated he had worked with staff and WAPAC and approved of language in the resolution. The meeting with WAPAC this morning also resulted in their agreement and he indicated that there would now be a program incorporating all the affirmative language including that requested by the Commissioners.

Mrs. Rogers indicated she had just had an opportunity to look at the new language and had only one question which had not been answered. She asked if the subcontractors' prices were going up. President Wexler asked if matters were at a point where it was certain the project would go forward with the kind of affirmative action the Commissioners voted on. Mr. Mills and Mrs. Rogers answered affirmatively.

President Wexler inquired if there were any price increases as a result of this change the information would be supplied to the Commissioners. Mr. Hennefer indicated that there were price increases and that there had been considerable effort made to encourage to the subcontractors to absorb some of these increases.



UNFINISHED BUSINESS (continued)

It was expected there would be a 10 percent increase to \$192,000 in the guaranteed maximum price, and anything under the guaranteed maximum amount accrues to the owners. Mr. Hennefer noted that there had been a suggestion that the general contractor receive an excessive profit from the work. He noted that the general contractor will receive only 3½ percent for overhead and profit as opposed to 10 percent which is the going rate citywide. Mr. Hennefer read a letter addressed to the Right Reverend Monsignor Daniel Walsh, Chancellor, Archdiocese of San Francisco, dated August 14, 1978, from Mr. Jerry Cahill of Cahill Contractors, Inc. in which Mr. Cahill stated that after the job was rebid in March 1978 with the intent of commencing work by mid-April, the resulting delays of negotiating the 50 percent hiring requirement of area residents in accordance with the affirmative action program of the Commissioners and WAPAC and the rescinding of the approved program by the Agency had delayed the start of the job by five months. This resulted in escalation in prices including those for materials and equipment. Mr. Cahill's letter noted that higher costs are also incurred when a specialty subcontractor for such trades as acoustical tile or educational equipment who normally utilizes specially trained mechanics for the job hires a carpenter without expertise in these trades and has to provide on-the-job training. Mr. Cahill indicated that the contract was on a cost-plus basis so that the actual amount of these costs to be incurred is not known until the job is completed. If no costs are incurred then the savings accrues to the owner. Mr. Cahill also indicated in his letter that the approximate cost breakdown was \$91,000 for job escalation, \$12,000 for overhead extension, and \$89,000 for de facto training programs and other administrative costs, for the total increase of \$192,000.

President Wexler questioned Mr. Hennefer as to whether there was any difference in training requirements regardless of whether there was a 25 or a 50 percent affirmative action goal. Mr. Mills responded that during earlier discussions the requirements considered were 10% to 25% and had anticipated he would have to provide training programs beyond what the collective bargaining agreements called for. Mr. Hennefer explained that this was a building which required specialized skills and because WAPAC did not want to have the subcontractors not hire an individual from the area because he did not satisfy a specialty within the trade, it was necessary to provide training for the employees. Mr. Hennefer indicated there were a number of areas where this could be the case and he believed it may be impossible to find a specialized individual even though that individual meets the general requirements. President Wexler noted that there was \$192,000 in escalated costs due to delays but he believed that WAPAC and Mr. Mills had stated there was no requirement for any special training, and that WAPAC had indicated it was looking for people who had already been trained. He suggested that Mr. Hennefer explore this matter further with staff.

Mr. Borregard explained that there was a difference between these training needs and those in an apprentice program. Mr. Hennefer was speaking about a qualified journeyman who may not have expertise in a particular specialty but would be hired and have on-the-site training. President Wexler asked





UNFINISHED BUSINESS (continued)

if this applied whether the goal was 25 or 50 percent, and Mr. Borregard responded affirmatively.

Mr. Arnold Townsend of WAPAC indicated that in all contracts language was included which addressed the failure of the union to provide the necessary personnel and he believed there was no excuse for the contractor failing to meet the affirmative action goals. He expressed concern about the affirmative action program being enforced by Mr. Cahill because he believed Mr. Cahill had indicated a negative attitude by indicating that he would raise his prices. Ms. Blomquist commented that the Commissioners understood WAPAC's concern, but if the agreement was not fulfilled then WAPAC could bring the matter back to the Agency. Mr. Townsend concurred and noted that WAPAC wished to see the development proceed because people needed jobs.

President Wexler stressed his belief that the Church had responded and indicated that every effort would be made to see that the program is carried out according to the 50 percent goal for affirmative action.

Mr. Hennefer asked if a new resolution was needed and Mr. Borregard responded that since the contractor had agreed with the 50 percent requirement no further action was necessary.

NEW BUSINESS

- (a) Resolution No. 188-78 authorizing the Executive Director to enter into a rental agreement with the joint venture of minority truckers, Charles Walker and Wilbur J. Weston, for the utilization of 50,000 square feet of cleared Agency-owned land located on Block 4625-A, Lots 1, 3, 4, 5, and 6 on Keith Street, as a temporary storage site for clean fill materials, Hunters Point Approved Redevelopment Project Area.

This item concerns a rental agreement with Messrs. Charles Walker and Wilbur J. Weston, minority truckers, who wish to use the 50,000 square-foot parcel of Agency-owned land in Block 4625-A Lots 1, 3, 4, 5, and 6, in Hunters Point for storage of clean fill materials on the proposed North School Site. Tenancy will be on a month-to-month basis for one year at a monthly rental of \$625 or \$.0125 per square foot. The controls contained in the agreement include (1) type and height of material stored, (2) no change in storage without the express approval of the Agency, (3) dust control, (4) insurance requirements, and (5) guaranties of clean-up of site. The agreement also proposes that a \$100,000 bond be required to guarantee performance of clean up after vacation of the premises when the contractor's material is disposed of. Mr. Hamilton indicated that the Chief of Engineering had noted a correction in the description which should read as Block 4720, portion of Lot 35, and the resolution will be changed accordingly. He also noted that after discussion concerning the type of fill to be stored, it was decided that the performance bond could be lowered to \$20,000 since the material could be disposed of at a profit. This would adequately cover the Agency's exposure.



NEW BUSINESS (continued)

President Wexler asked what would happen if the tenants refused to leave or to remove the material and if the Agency would have the right under the lease to remove the material. He asked how much time was required before the Agency can go in and take the land and build on it. Mr. Borregard responded that this was similar to an unlawful detainer action and would probably require a few months. President Wexler asked if \$20,000 was adequate to cover that contingency and Mr. Hamilton responded that the \$20,000 is related to the trucking costs and is not relative to delays, but it was unlikely that the site would be needed soon.

President Wexler asked how the rental price was determined and Mr. Hamilton indicated that staff had surveyed and evaluated other storage areas and found that \$625 per month was appropriate and is a competitive figure. Ms. Blomquist observed that the map showed a temporary road and asked if it were being built, and by whom, and Mr. Frank Cannizzaro, Chief of Engineering, replied that it was an existing road which ultimately would be removed.

ADOPTION: It was moved by Mr. Glickman, seconded by Ms. Blomquist, and unanimously carried that this resolution be adopted.

- (b) Consideration of authorization to negotiate a contract with Marshall and Stevens, Inc., for reuse appraisal services, Hunters Point Approved Redevelopment Project Area.

Mr. Hamilton indicated that this item represented negotiations with Marshall and Stevens, Inc., for reuse appraisal services for the Phase III of Hunters Point agreement which will be for a three-year period for an amount not to exceed \$10,000. The initial phase would project an expenditure of \$5,000 for appraisal of sixteen sites to provide 150 units of market-rate, single-family units. He noted that the firm was experienced and had previously done reuse appraisals for the Project.

President Wexler expressed concern that he may have a conflict of interest should Mr. Marshall be an individual who may be a client of his office, Feldman, Waldman & Kline, and asked that the vote be held until the first name was ascertained. Mr. Quintin McMahon, Director of Real Estate, subsequently provided the complete name as Mr. Earl Marshall of Los Angeles, and President Wexler indicated this was not the person he was concerned about.

MOTION: It was moved by Ms. Blomquist, seconded by Mr. Glickman, and unanimously carried that staff be authorized to negotiate a contract with Marshall and Stevens, Inc., for reuse appraisal services in the Hunters Point Approved Redevelopment Project Area.

- (c) Resolution No. 189-78 authorizing the Executive Director to enter into a personal services contract, BVN-1, with Harding Lawson Associates, Bayview North Project.

This concern a contract with Harding Lawson Associates for preparation of a preliminary soils engineering report for Bayview-North Project for \$2,500,



NEW BUSINESS (continued)

which will determine the existing subsurface conditions, feasibility of rehabilitation of structures, and type of development of vacant lots the soils will permit.

ADOPTION: It was moved by Ms. Blomquist, seconded by Mr. Glickman, and unanimously carried that this resolution be adopted.

- (d) Resolution No. 190-78 authorizing the Executive Director to enter into a rental agreement with Reverend Tony Cooper of the Deliverance Temple Church for 35,000 square feet of cleared Agency-owned land in Block 5235, Lot 1, India Basin Approved Redevelopment Project Area.

This represents a rental agreement with Reverend Tony Cooper of the Deliverance Temple Church for 35,000 square foot parcel in Block 5235, Lot 1, in Hunters Point at Third and Evans Streets where he will hold a revival for a period of about ten to fifteen days at a flat-rate rental of \$50.

President Wexler expressed concern that there may be a violation of the division between church and state by permitting a religious activity to take place at below fair-market rate rental of \$50 for fifteen days on 35,000 square feet of land. Mr. Borregard referred to Article 16, Section 5, of the California Constitution which indicated that this action did not appear to present a conflict. He added that the Attorney General's opinion leaves the matter open to a certain amount of interpretation which would depend upon the nature of the activity.

Ms. Blomquist asked the date of the revival and Mr. Hamilton replied it was August 25, 1978 but noted that Reverend Cooper would need time to publicize the event. In response to Mr. Glickman's question, Mr. Hamilton indicated that he knew Reverend Cooper represented a non-profit, tax-exempt organization. Ms. Blomquist asked if it would collect donations and expressed concern the rental was not sufficient. Mr. Hamilton responded he did not know if the church would collect donations or not but believed this proposal was in accordance with the general policy to make cleared land available to non-profit community groups. Mr. Glickman noted that lots had been made available to other organizations, for example, the Delancy Foundation and the Guardsmen. Mr. Hamilton indicated that presently the land is not in use nor is any use anticipated in the immediate future. It also generates no income so comparison is unfair if it is to be considered as market rate when it has limited use.

President Wexler saw a distinction between a religious ceremony and a church group putting on a job training program for the community's benefit, or selling land at a reduced rate for subsidized housing. He reiterated his concern that land offered below market rate for use for a strictly religious activity may constitute a potential violation. Mr. Glickman indicated his understanding that the Agency sold property to religious groups to build churches and he believed that the Constitution had not been violated and that the Agency potentially benefited because this vacant land that produced no income was proposed for lease at fair market value. Mr. Glickman indicated that he did not know if this was \$50 since there were no comparables and fair market value at best was hard to define. In his opinion \$50 was the fair market value for 35,000 square feet because that was what someone was willing to pay for it.



NEW BUSINESS (continued)

Mr. Hamilton agreed. Mr. Hamilton believed it was the Agency's policy to provide assistance to community organizations and that it would be inequitable if church organizations were excluded. He pointed out that the City had closed its streets for religious purposes and it would be inconsistent for the Agency to take another position.

Ms. Berk commented that this appeared to be an appropriate use of the land for a community organization even though this was a religious organization. She believed that even if the church took up a collection this did not differ from most community organizations which were supported by fund raising and used public facilities and she could see no justification not to approve this lease.

Mr. Borregard indicated his belief there were no oppositions to the sale or lease of county property for religious or other purposes provided that regular sale or leasing procedures are used.

President Wexler indicated that the solicitation of funds had no impact, but he was concerned about the issue of benefiting a religious activity versus a non-religious activity at less than the fair market value. If it were the fair market value there would be no problem. Ms. Blomquist concurred in this view. Mr. Glickman commented that Mr. Walker had just received land at higher than fair market value and suggested that \$50 could be a fair market value and that the term "fair market value" was itself a nebulous one. Mr. Mills indicated that the agreement with Mr. Walker was at the highest figure in the survey comparables for storage areas. The lowest was 1/2 cent per square foot. President Wexler indicated this was approximately \$175 per month for comparable footage, and this would then make this land \$87 per 1/2 or \$58 for 1/3 of a month instead of \$50. He suggested amending the rental to \$75. Ms. Blomquist asked if there had ever been a request similar to this from another community group, and Mr. Hamilton responded there had been none from a religious group.

ADOPTION: It was moved by Mr. Glickman, seconded by Ms. Blomquist, and unanimously carried that this resolution be adopted, with the rental being amended to \$75 instead of \$50.

- (e) Resolution No. 191-78 authorizing the Executive Director to issue a work order to Rockrise, Odermatt, Mountjoy Associates (ROMA) to provide additional consulting services, Northeastern Waterfront Survey Area.

This item concerns a \$3,000 amendment to the Rockrise, Odermatt, Mountjoy Associates (ROMA) contract for the Northeastern Waterfront Survey Area to permit evaluation of the appropriateness of a new maritime facility. The work will be done by ROMA's subconsultant, Moffitt and Nichols who are maritime engineers, and funds will be provided from Community Development.

Mr. Hamilton indicated that in consideration of alternatives being studied this work was originally eliminated from the original contract because of uncertainty that the maritime facility was appropriate at that time, and also because of lack of funding. It is now apparent that the Agency must amend the scope of services to include an evaluation of this facility and in order for ROMA to undertake this additional service, it is necessary to issue a work order to increase the maximum compensation by \$3,000.





NEW BUSINESS (continued)

Ms. Blomquist questioned how this work would be different from the study done in April 1978 by Moffitt and Nichols. Mr. Thomas Conrad, Chief of Planning, Housing and Programming, explained that the Moffitt and Nichols study was funded by the Economic Development Agency and prepared to analyze regional-wide maritime requirements. It was one of three reports to enable the Port of San Francisco to make a determination relative to whether a maritime facility could be accommodated somewhere in the project area, and, if so, what would it look like, how much would it cost, and what is the revenue to be produced from it? Ms. Blomquist believed this contract was a duplicate of work effort for something that had already been produced.

ADOPTION: It was moved by Mr. Glickman and seconded by Ms. Berk that this resolution be adopted, and on roll call the following voted "Aye":

Ms. Berk  
Mr. Glickman  
Mr. Wexler

and the following voted "Nay":

Ms. Blomquist

and the following abstained:

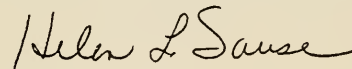
None

The President thereupon declared that the motion carried.

ADJOURNMENT

It was moved by Mr. Glickman, seconded by Ms. Berk, and unanimously carried that the meeting be adjourned in memory of Mr. Mel Ury. President Wexler indicated that the Commissioners would stand in adjournment to an executive session. The meeting adjourned at 5:30 p.m.

Respectfully submitted,



Helen L. Sause  
Agency Secretary



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MINUTES OF A REGULAR MEETING OF THE  
REDEVELOPMENT AGENCY OF THE CITY AND  
COUNTY OF SAN FRANCISCO HELD ON THE  
22ND DAY OF AUGUST 1978

The Commissioners of the Redevelopment Agency of the City and County of San Francisco met in a regular meeting at 939 Ellis Street in the City of San Francisco, California at 4:00 o'clock p.m. on the 22nd day of August 1978, the place, hour, and date duly established for the holding of such meeting.

The President called the meeting to order and on roll call the following answered present:

Howard M. Wexler, President  
Joan-Marie Shelley, Vice-President  
Charlotte Berk  
Dian Blomquist  
Rubin Glickman  
Melvin D. Lee  
Dr. Hannibal A. Williams

and the following was absent:

None

The President declared a quorum present.

Wilbur W. Hamilton, Executive Director, and staff members were also present.

Also present were Arnold Townsend, Benny Stewart, and Mary Rogers, Western Addition Project Area Committee (WAPAC); Peter Clarke and Jack Robinson, Clarke and Cramer; Lyman Jee, Jack Anderson, and Henry Poy, Arcon/Pacific, Ltd., Fritz Wooster, Campeau Corporation of California; John Elberling, TODCO; Elijah W. McCartt, Statewide Mortgage Corporation; Randy Wei, Citizens Against Nihonmachi Evictions (CANE); Dr. J. Delameter and Robert Speer, BANG; Nana Wok, Larry Jacobs, Charles Shapiro, interested citizens.

Representing the press were Marshall Kilduff, San Francisco Chronicle; Jerry Adams, San Francisco Examiner; and Dan Borsuk, San Francisco Progress.

APPROVAL OF MINUTES

It was moved by Mr. Glickman, seconded by Dr. Williams, and unanimously carried that the Minutes of Regular Meetings of April 11, 1978 and June 6, 1978, the Special Meeting of April 11, 1978, and the minutes of the Executive Meetings of July 25, 1978 and August 15, 1978, as distributed by mail to the Commissioners, be approved.

President Wexler welcomed Ms. Shelley and all other Commissioners back from their vacations.



SPECIAL APPEARANCES

- (a) President Wexler indicated that there had been a request from Mr. Randy Wei, spokesperson for the Citizens Against Nihonmachi Evictions (CANE) to appear on their behalf, although the appearance had not been calendared.

RULE OF THE CHAIR: President Wexler directed that the Secretary, subject to the objection of any Commissioner, request all groups requesting to speak to submit their requests in writing. These written requests are to include the points they wish to address so that the Commissioners and staff would be in a position to respond to the matters raised. There being no objection, it was so ordered.

President Wexler inquired if Mr. Wei had submitted anything in writing. He also asked what specific issue Mr. Wei was addressing, and Mr. Wei responded that it concerned the building at 1531 Sutter Street. In response to President Wexler's inquiry, Mr. Wei indicated that in November it will be two years since the Agency had decided to evict tenants from 1531 Sutter who had been issued 90-day notices, and that he had been at an Agency meeting two months ago and the Agency had promised to rehabilitate the buildings and nothing had yet been done. He believed that the tenants had no knowledge as to whether or not they were to move and that two years was a long time to resolve the issue. President Wexler indicated that it appeared that he wanted a status report.

RULE OF THE CHAIR: President Wexler indicated that subject to the objection of any Commissioner in the future if any group wanted to know the status of a certain matter or what action had been taken, these questions are to be addressed to staff in writing with the request that staff respond. Then if the groups were dissatisfied with the response they could address requests to the Commissioners. There being no objection, it was so ordered.

Mr. Hamilton indicated that a status report had been given to a CANE representative by Mr. Gene Suttle, Area Director for the Western Addition, within the last few days. Two months ago there was an indication from the San Francisco Housing Authority that it was considering acquiring and rehabilitating 1529 and 1531 Sutter Street for public housing. Since that time the Housing Authority has been evaluating the feasibility of the proposal. Mr. Suttle substantiated the fact he had talked with CANE and also indicated that the Agency was still required to appear in court before Judge Ira Brown every two weeks to report on the status of the buildings. CANE generally attends these appearances. He explained that during the spring, inspections had been made by architects and engineers of the buildings' interiors which had been modified by the previous owner without meeting City codes. The structural engineers had to do a study, and during the week of August 7, 1978 they indicated the buildings were more deteriorated than anticipated by the Agency. The Housing Authority had expressed an interest in purchasing the structures for public housing and staff asked Housing Authority staff to evaluate the buildings for rehabilitation feasibility within either Section 8



SPECIAL APPEARANCES (continued)

rent subsidies or conventional public housing. Mr. Suttle stated that last week this information was provided to CANE. Now that the information is available on the buildings' condition, the staff is now to meet with the Housing Authority to discuss this report and the Housing Authority will decide on the feasibility of proceeding to purchase these two buildings. Mr. Suttle indicated staff was continuing its attempts to contact the tenants to verify their incomes so relocation resources could be provided. President Wexler asked if there were any indications from the Housing Authority as to the schedule of the acquisition and rehabilitation of the buildings if they were interested in proceeding. Mr. Suttle responded that the Agency would convey the buildings to the Housing Authority on completion of the rehabilitation.

Mr. Wei asked if Mr. Suttle was alleging that the Agency had no responsibility for 1531 Sutter and that it was in the jurisdiction of the Housing Authority. Ms. Blomquist responded noting that there would be a meeting on Thursday with the Housing Authority to determine the feasibility of it's acquisition of the buildings for rentals. President Wexler indicated that in order to retain the buildings for low-income housing it was necessary to rehabilitate them and provide rental subsidies through the Housing Authority. These buildings are to be rehabilitated to the Agency standards and in accordance with the requirements of the Court. President Wexler noted that if the Agency rehabilitated the building and sold it to a private developer it would be rented at a fair-market rate. He stressed that unlike the Housing Authority the Agency cannot own buildings on a permanent basis. Mr. Wei asked if this meant that the tenants could not stay in the building. President Wexler indicated the Agency did not have the authority to determine who the tenants would be; however, the Agency was attempting to assure that the buildings provided housing for persons of low income. To do this there would have to be a subsidy from either Section 8 or through public housing. President Wexler stressed that the Agency did not have the means to retain the buildings or provide rental subsidies. He requested that Mr. Wei work with staff on any alternatives he could suggest.

Mr. Wei indicated that a tenant, Mr. Moreno, had requested the Agency to work with him but so far nothing had been done. Mr. Hamilton responded that a series of meetings had been scheduled with Mr. Moreno, who was the only tenant willing to talk to the staff. Mr. Moreno had attended only one meeting after which his counsel had advised him not to attend any further meetings. President Wexler again suggested Mr. Wei contact staff and if he proposed an alternate solution the Commissioners would then consider a written outline of the proposal. Mr. Wei asked if the Agency were going to rehabilitate the building, and Ms. Blomquist replied that would depend upon the outcome of the meeting Thursday with the Housing Authority to see if it were interested and urged Mr. Wei to communicate any alternate ideas he had to staff. President Wexler indicated that the Agency would like to rehabilitate the existing buildings for low income housing if possible, but it would depend upon finding someone to subsidize rentals after the rehabilitation work was done. This would be an area where Mr. Wei could work with staff. Mr. Wei expressed his belief that the tenants had a right to remain in the community and believed that the Agency was responsible for making this possible. He was concerned that the tenants were still to be evicted. President Wexler indicated the Commissioners could consider any proposal Mr. Wei may wish to submit in writing.





REPORT OF THE EXECUTIVE DIRECTOR

Executive Director Wilbur W. Hamilton reported to the Commissioners on the following matters:

- (a) The Agency has been informed of two new lawsuits that have been or will be filed against the City to halt construction of the Performing Arts Garage.

At this point the meeting was disrupted by chanting of the CANE group. President Wexler indicated that the meeting would recess and be reconvened after the room had been cleared. The meeting recessed at 5 p.m. and reconvened at 5:55 p.m.

Mr. Hamilton attempted to continue his report but the disturbance resumed. President Wexler announced that in accordance with Section 403 of the Penal Code, anyone disrupting the meeting would be subject to arrest. He indicated that the CANE had been permitted to make its statement and the meeting would now continue. He apologized to the other persons present for the inconvenience. The meeting continued with Mr. Hamilton's report.

- (b) The affirmative action program for the Sacred Heart High School has been resolved and rough grading is scheduled to commence tomorrow.

UNFINISHED BUSINESS

- (a) Resolution No. 183-78 designating Lawrence J. Jacobs and Kimi Jacobs, his wife, as the redeveloper of Parcel 1100-D(2), Western Addition Approved Redevelopment Project Area A-2.

This was held over from the previous meeting to allow the Commissioners an opportunity to visit the site under consideration. Mr. Hamilton recalled that Mr. Larry Jacobs had appeared at the meeting of May 30, 1978 to ask that the Commissioners sell him a portion of the adjacent parcel for the purpose of providing parking space for his seven-unit building. Staff evaluated this request and found there was need for such parking and at the August 8, 1978 meeting had recommended that Mr. Jacobs be designated as the developer for this 3,000 square-foot parcel. The Commissioners had expressed concern that the site would be used for parking instead of housing because three units of housing could be built on it. He noted that an additional week's delay had been requested to allow time to meet with another property owner in the area. In response to President Wexler's inquiry, Mr. Suttle noted that one of the property owners across from the site had asked for a meeting to learn the proposed disposition of the parcel. This neighbor, Mr. Preston Smith, is a contractor who owns a Victorian Heritage Foundation building nearby and is supportive of the proposed sale to Mr. Jacobs as are all of the Beideman Street neighbors. He noted that two members representing the Beideman Area Neighborhood Group (BANG) were present to comment on the proposal. Dr. Williams asked if the Western Addition Project Area Committee (WAPAC) was also supportive, and Mr. Suttle answered affirmatively.

Mr. Glickman asked how many units of housing could be placed on the 2,900 square-foot parcel, and Mr. Suttle responded that the entire 2,900 square-foot parcel had originally been proposed for construction of 12 units and the architects now advise that nine or ten could go on the remaining portion after selling the 2,900 square-foot portion to Mr. Jacobs. Mr. Glickman



UNFINISHED BUSINESS (continued)

indicated he was attempting to determine the decrease in housing units that were being eliminated by using 3,000 square-feet of the parcel for parking. Mr. Suttle replied that this would be determined by the developer since the Agency did not recommend the number of units to be placed on a parcel but only required that construction conform to the Agency's room count. In response to Mr. Glickman's inquiry, Mr. Suttle expressed the belief that the site would now support two less units than formerly. President Wexler suggested hearing from the neighborhood representatives.

Dr. James Delameter indicated the proposal had been reviewed and supported by BANG and because it was believed that parking in the area was necessary. Mr. Glickman indicated that when he had seen the site he had noted a small building on Mr. Jacob's parcel on O'Farrell Street, and inquired if that provided parking. Mr. Larry Jacobs responded that the building was on his property but was only large enough for one car. He indicated that the units were small and provided little storage space so he permitted his tenants to store personal property in the garage. Mr. Glickman asked if any studies had been done on parking needs for the area, and Mr. Jacobs responded that six parking spaces would be an enhancement to the area. Mr. Glickman suggested that by removal of the garage the area it occupied would provide space for parking and Mr. Jacobs responded that the space was inadequate and would necessitate blocking the view from the kitchen window. Mr. Glickman stated he was against giving over the site for parking when housing was needed, and although there may be some inconvenience to Mr. Jacobs he believed that parking could be provided without using additional land.

Mr. Lee recalled that others besides Mr. Jacobs had expressed interest in purchasing the parcel, and Mr. Suttle responded that one licensed contractor has expressed interest in the adjacent site and was informed that advertising of the land for sale was being held pending a decision on the proposed sale of the parcel to Mr. Jacobs. The staff is not in negotiations with him, but he is one of several persons interested.

Dr. Williams favored designating Mr. Jacobs as developer of the parcel because he believed renters were entitled to have a parking space.

**MOTION:** It was moved by Dr. Williams that Mr. Lawrence J. Jacobs and Mrs. Kimi Jacobs be designated developers of Parcel 1100-D(2), Western Addition Area A-2.

Mr. Glickman expressed the opinion that there were seven units in Mr. Jacob's building and the tenants had elected to live there without parking so he found it difficult to understand that the Agency would take away land needed for housing and allocate it to parking. He also believed Mr. Jacob's present site offered sufficient land for parking.

Mr. Lee asked if Mr. Jacob's proposal was done by direct negotiation and Mr. Hamilton responded that Mr. Jacobs had made an offer subject to the Commissioner's approval. Mr. Lee commented that the land had not been competitively offered, and Dr. Williams responded there was nothing unprecedented about direct negotiations. He believed the need was justified and



UNFINISHED BUSINESS (continued)

called for the question. President Wexler asked if there was a second. The motion died for want of a second.

President Wexler indicated that the Commissioners shared Mr. Lee's concern that property be publicly offered but he believed that in this situation where a request is for land by an adjacent owner a decision could be reached based on the merits of the case. Mr. Lee indicated that there were others in the vicinity who may be affected, and Dr. Williams responded that the Agency had created parking spaces for many residents in the area and that the neighbors were in favor of the request and supported Mr. Jacobs.

Mrs. Mary Rogers of WAPAC came forward and expressed the belief that different procedures were being used for different individuals. She alleged that on a Turk Street site the Agency allocated a lot that would have provided 9 housing units for two families with four units who did not live there. She indicated Mr. Jacobs was living in the area and had cooperated by rehabilitating his building and now needed land for parking and urged that it be sold to him. Mr. Arnold Townsend of WAPAC indicated the Agency had chosen to demolish housing for a parking garage for the Performing Arts Center and believed that it was inconsistent not to grant Mr. Jacob's request.

ADOPTION: It was moved by Dr. Williams and seconded by Ms. Blomquist that this resolution be adopted, and on roll call the following voted "Aye":

Ms. Shelley  
Ms. Berk  
Ms. Blomquist  
Dr. Williams  
Mr. Wexler

and the following voted "Nay":

Mr. Glickman  
Mr. Lee

and the following abstained:

None

The President thereupon declared that the motion carried.

President Wexler indicated that as a clarification of the agenda, the developer has asked that Item 9(g) be held over one week to permit his architect to be present to comment on matters raised by staff.

RULE OF THE CHAIR: President Wexler indicated that subject to the objections of any Commissioner, Item 9(g) would be held over for one week. There were no objections, and it was so ordered.



UNFINISHED BUSINESS (continued)

- (b) Resolution No. 200-78 consenting to transfer and assignment of the interest of Arcon/Pacific, Ltd. to Yerba Buena Venture in the Market Street Tower site, Parcel 3706-1, land disposition agreement and the so-called "Fresh-Start Agreement", dated February 14, 1978, Yerba Buena Center Approved Redevelopment Project Area D-1.
- (c) Resolution No. 201-78 extending the time within which Arcon/Pacific, Ltd. is to submit satisfactory evidence of equity capital and mortgage financing commitments for construction of improvements, Market Street Tower Site 3706-1, Yerba Buena Center Approved Redevelopment Project Area D-1.
- (d) Consideration of designation of the joint venture between Arcon/Pacific, Ltd. for the apparel mart, Block 3722-A and B, Yerba Buena Center Approved Redevelopment Project Area D-1.

Mr. Hamilton indicated these three items would be considered together. He also indicated that these items had been before the Commissioners at previous meetings. They are relative to (1) an extension of time for submission of evidence for financing the Market Street Tower to January 31, 1979; (2) approval of the joint venture of Campeau Corporation of California and Arcon/Pacific, Ltd.; and (3) a request for an alternate apparel mart site by Arcon/Pacific, Ltd. Mr. Hamilton indicated that staff was precluded from making a recommendation on the Market Street Tower in accordance with the terms of the signed Agreement in February, 1978 with Arcon/Pacific, Ltd.; however, it is recommended that the joint venture between Campeau and Arcon/Pacific be approved. There are matters which need to be resolved before the alternate site for the apparel mart is considered by the Commissioners. With regard to the proposal that the Agency provide an alternate site for the office building proposed on a "Site 3" language has been received from Arcon/Pacific which would give the developer first rights of refusal on development sites. Mr. Hamilton noted that staff did not recommend this proposed action. He indicated that Mr. Lyman Jee was present to comment.

President Wexler indicated his understanding that the developer had waived the provision that staff not make any recommendation, and Mr. Hamilton indicated that this had not been clarified and Agency General Counsel Leo E. Borregard concurred. Mr. Henry Poy of Arcon/Pacific indicated an offer had been made but not agreed to for the waiver of this restriction under the February agreement. Mr. Borregard expressed concern about a unilateral waiver without regard to other signatories; therefore, he believed a waiver was inadvisable without the consent of all the other parties.

President Wexler indicated that with regard to the Market Street office building the Commissioners were ready to grant an extension to January 31, 1979 subject to a waiver of rights of any on a "Site 3" which was to be agreed to at any time prior to submission of evidence of equity capital and mortgage financing. This would allow staff and the developers time to see whether there would be some other basis to bind the Agency to provision of an alternate site. He inquired if staff and the developer had worked out an acceptable alternative and Mr. Hamilton answered negatively indicating that language had been received which would give Arcon/Pacific future rights





UNFINISHED BUSINESS (continued)

to an alternate Site 3 by guaranteeing the first right of refusal on property offered in Yerba Buena Center. Staff had not had time to review it. Mr. Borregard indicated he had briefly read the proposed language and it would give the Agency the discretion to determine whether or not another office building other than the first two could be located any place within the Yerba Buena Center. President Wexler noted that 2 weeks earlier the Commissioners were ready to grant the extension until January 31, 1979 subject to not reinstating any rights to a Site 3 and that they were also prepared to grant the request for approval of the joint venture. He noted that there did not appear to be any significant information provided with regard to Site 3 and believed that there was an opportunity to consider that matter later.

MOTION: It was moved by Ms. Blomquist, seconded by Dr. Williams, that Resolution No. 201-78 be adopted extending the time of submission to Arcon/Pacific, Ltd. to 5 p.m., January 31, 1979.

MOTION: It was moved by Ms. Blomquist, seconded by Dr. Williams, that Resolution No. 200-78 be adopted.

Mr. Borregard recalled there was a requirement that Mr. Ralph Torello execute the February agreement because he is a general partner. He reported that the documentation had been received on this. President Wexler inquired if Resolution No. 201-78 would be amended to provide extension of the time of submission for equity financing to January 31, 1979 and that all rights to Site 3 would be waived. Mr. Borregard answered affirmatively. Mr. Borregard also noted other dates in the resolution would have to be extended to conform and Mr. Fritz Wooster, attorney for Campeau Corporation of California, concurred.

Mr. Henry Poy of Arcon/Pacific, Ltd. came forward and indicated that since the August 8, 1978 meeting he had sent a letter to the Agency which was a proposal on how something could be worked out with regard to Site 3 but he had received no acknowledgment of it. He urged that the Commissioners give Arcon/Pacific an option of first refusal should there be a decision to build another office building in the central blocks.

Mr. Redmond Kernan, Deputy Executive Director, responded that there had been a meeting where the proposal had been discussed that Arcon would develop the Site 3 parcel up to a 50-foot height limit as indicated in the August 8 Agency meeting, but they were interested in an alternate office building site of significant size rather than the 50-foot high building. He did not recommend the Site 3 even with a 50-foot height limit because he believed it could be considered for development with the Jessie Street Substation and therefore it would be inappropriate to designate a developer for both properties. The other proposal by Arcon/Pacific was for guarantee of a good faith effort for the first right of refusal on a building somewhere in Yerba Buena Center. Mr. Kernan indicated he saw no reason to recommend that to the Commissioners since there was no benefit to the Agency to encumber the Agency's ability to dispose of land in the project area.



UNFINISHED BUSINESS (continued)

Mr. Wooster indicated his awareness that the Commission did not want to give away additional rights; however, his principals were willing to sign off on Site 3 but asked that they be given the right of first refusal.

Ms. Shelley indicated she was not prepared to act on a matter she had not had an opportunity to review in writing. She suggested that adequate time should be allowed for the Commissioners to consider the information just provided to them. President Wexler indicated the Commissioners were prepared to vote for the January 31, 1979 time extension, and he noted that Resolution No. 201-78 was changed only with respect to the dates to conform with the January 31, 1979 date and that the September 6, 1978 date would be changed to September 27, 1978. The other clauses relating to submission of evidence of equity capital and mortgage financing would mean Arcon/Pacific would be unable to comply with the time specified, so their rights would expire. Mr. Borregard had discussed the matter with Messrs. Poy and Wooster with respect to this extension and there appeared to be general acceptance of it. Mr. Borregard stated that this extension was similar to those in the February agreement and there is no 60-day default period nor any outside action that could extend that date; however, this would not preclude their asking for more time. President Wexler inquired if this was clearly understood by the developer, and Mr. Poy indicated his understanding of this. He urged that Arcon/Pacific's letter of August 10, 1978 be considered by the Commissioners and the large office building site be provided. He asked if the Commissioners could postpone the matter for one week and study the letter and act favorably on it. President Wexler responded that he had the letter and that the resolution would be modified to allow Arcon/Pacific time to sign off the right to Site 3 until the submission of equity capital and mortgage financing.

ADOPTION: It was moved by Ms. Blomquist and seconded by Dr. Williams that Resolution No. 200-78 be adopted, and on roll call the following voted "Aye":

Ms. Shelley  
Ms. Berk  
Ms. Blomquist  
Mr. Glickman  
Mr. Lee  
Dr. Williams  
Mr. Wexler

and the following voted "Nay":

None

and the following abstained:

None

The President thereupon declared that the motion carried.



UNFINISHED BUSINESS (continued)

President Wexler inquired that if for some reason the Market Street Tower does not go forward and all development rights to the Tower end by February 1, 1979, whether the developers wished to keep the joint venture viable for an additional one month's time. Mr. Jee answered affirmatively and Mr. Hamilton indicated he had no objections.

ADOPTION: It was moved by Ms. Blomquist and seconded by Dr. Williams that Resolution No. 201-78 be adopted, and on roll call the following voted "Aye":

Ms. Shelley  
Ms. Berk  
Ms. Blomquist  
Mr. Glickman  
Mr. Lee  
Dr. Williams  
Mr. Wexler

and the following voted "Nay":

None

and the following abstained:

The President thereupon declared that the motion carried.

At this point, Dr. Williams left the meeting at 6:55 p.m.

- (e) In response to President Wexler's inquiry Mr. Hamilton indicated that subject to the objection of any Commissioners Item 8(e) would be held over. There were no objections and it was so ordered.

Mr. Poy asked when the matter may be considered, and President Wexler suggested that he discuss this staff. Mr. Hamilton indicated that it would be calendared within a week or two, and Mr. Jee indicated he wished to meet with the apparel mart users on September 8, 1978 and urged consideration by next week. Mr. Hamilton indicated that every effort would be made to calendar the matter as soon as possible.

NEW BUSINESS

- (a) Resolution No. 196-78 approving and authorizing the Executive Director to execute two interdepartmental work orders with the San Francisco Department of Public Works in connection with the Yerba Buena Center Project.

This concerns issuance of two Department of Public Works work orders with the Bureau of Street Repair to provide street work in connection with the renovation work being done by a project owner-participant, Hagemeister Properties, Inc. The work orders total \$8,568 to construct 58 lineal feet of concrete parking apron and curb and \$6,700 to the Bureau of Sanitation which will install two new catchbasins.



NEW BUSINESS (continued)

President Wexler indicated that as a matter of personal privilege in connection with this item before the Commissioners he would not participate since property owner is a client of his law firm, Feldman, Waldman and Kline. President Wexler turned the Chair over to Acting President Shelley and left the podium.

ADOPTION: It was moved by Ms. Blomquist, seconded by Mr. Lee, and unanimously carried that this resolution be adopted.

President Wexler returned to the podium and resumed the Chair.

- (b) Resolution No. 197-78 authorizing the Executive Director to issue a change order to the personal services contract with Skidmore, Owings and Merrill to provide additional consulting services for the Yerba Buena Center Redevelopment Project Area D-1.

This represents a contract amendment for Skidmore, Owings and Merrill to provide additional urban design services for Yerba Buena Center by which four additional work tasks would be established, as follows: (1) work with Environmental Research Associates (ERA) and Mr. Richard Gryziec, architect/planner, on the application of the Urban Design Plan for the Yerba Buena Center Gardens market offering; (2) work with Arcon/Pacific, Ltd.'s architects to test the feasibility of relocating the apparel mart from Central Block 2 to another site; (3) deriving alternative specific design concepts for development on the convention center roof; and (4) preparation of a perspective rendering of the entire project area based on the Urban Design Plan. The cost of the proposed amendment is \$24,000 on a time and material basis.

Ms. Blomquist indicated her understanding that the contract to design the project included these services. In response to her inquiry, Mr. Don Burkholder, architect, responded that the contract amount was \$120,000. Ms. Blomquist stressed her belief that the contract should have included these services and asked about the number of planners on the Agency staff. She also believed that staff could do this work because in her opinion it was too expensive to expend additional contract funds to this work. Mr. Hamilton responded there were three staff in planning and that they were assigned to other duties. Ms. Blomquist asked why an outside planning consultant was necessary and noted that staff time was available to work with Arcon/Pacific, Ltd. in evaluating an alternate apparel mart site. Mr. Kernan commented that this was for the work not included in the original contract and noted that the degree of complexity of the alternate schemes and the need to evaluate them was not envisioned. He particularly noted as an example the major pedestrian mall was shown on all the SOM schemes which conflicted with the concept of the theme park. Evaluation of the schemes and resolution of the issues requires time. Ms. Blomquist expressed concern that this was not considered as an alternative and did not understand why this was not included in the \$120,000 contract. Mr. Kernan explained that Skidmore, Owings and Merrill were to provide a pedestrian opening into the area but did not know that the theme park consultants would consider their proposed pedestrian mall as irreconcilable with the theme park. Ms. Blomquist objected to expending \$24,000 for a matter that





NEW BUSINESS (continued)

she believed should be resolved at staff level. Mr. Kernan indicated that this was only one aspect of the additional work to be done by SOM and that land uses in Yerba Buena Center and the uses in the Central Blocks represent a major aspect of the Agency's program. He believed that it was responsible to resolve the issues with professional advice. Ms. Blomquist expressed the opinion that the staff was competent to do this, and Mr. Kernan responded that there were three architects, one was on vacation, one working on Hunters Point and India Basin items, and the other fully occupied on Western Addition A-2, all of which takes time. In addition, the Agency did not have the professional resources that the Skidmore, Owings and Merrill team had and they were hired to give the Agency an urban design for the project and it is important for them to resolve the conflicts that result from their proposals.

President Wexler asked for a copy of the memorandum to the Commissioners outlining the services of the Skidmore, Owings and Merrill original contract. Mr. Glickman inquired how much Mr. Gryziec was being paid. Mr. Kernan responded Mr. Gryziec received no compensation from the contract with Skidmore, Owings and Merrill. Mr. Glickman asked if the Agency had been able to anticipate the need for this work in advance would the contract have included it, and Mr. Kernan responded affirmatively. Mr. Kernan indicated that the original contract had a certain number of hours and would have cost \$144,000 had it included the \$3,500 for resolution of the issues with Economic Research Association and Mr. Gryziec, \$3,500 for testing feasibility of relocating the apparel mart, \$10,000 for design concepts, and \$5,000 for renderings. Ms. Berk asked if there was time to hold this matter over, and Mr. Kernan indicated that it should be acted on because it was not anticipated that this work was to be done. It was not expected that specific design work would be required, because originally it was thought that the developers would provide the specific design concept. It is now recommended that a definitive conceptual understanding of uses in the project be prepared and have graphics developed to present to prospective developers; therefore, Mr. Kernan believed these additional services represented a wise investment. President Wexler asked if the designs were an alternative to Mr. Gryziec's and Mr. Kernan responded that it was a different aspect of the project. Mr. Gryziec had not worked out a specific design concept but had done a program. President Wexler inquired if this was to be done before the Agency tests the market, and Mr. Kernan answered affirmatively noting that it was important to have this material before attempting to market the area of the roof of the convention center. President Wexler asked if another development was to be proposed other than the theme park. He believed that the City had some obligation in participating in development of the convention center's roof as outlined in the joint agreement, and suggested that it may be appropriate to ask the City for a contribution to this work. Mr. Kernan responded that the work would complement an urban theme park concept and he did not expect that there would be a conflict of use on that block.

Mr. Lee noted that on the item concerning ERA it appeared that there was a conflict of opinion on the design between the Skidmore, Owings and Merrill team and Mr. Gryziec and now the Agency was being asked to reconcile these differences. In regard to the illustrative design of the convention center



NEW BUSINESS (continued)

it appeared SOM is being asked to design the second phase of Mr. Gryziec's plan. Mr. Kernan indicated that the design concepts were to illustrate certain specifics that would be dealt with -- practical problems such as where entrances would be placed -- and it would be helpful to have a specific design. Mr. Lee asked what the estimate was based on, and Mr. Kernan indicated that the fee was developed from those in the original contract.

President Wexler expressed the belief that the work with ERA was vital and would have to be done at some time, however, the provision of an alternate apparel mart site would be made shortly by staff. Mr. Kernan concurred but indicated that SOM had spent some time working on this matter and Mr. Hamilton indicated that the additional SOM work was necessary to develop specific design proposals. President Wexler suggested holding the matter over since it did not appear essential to do the work until later, particularly the design concept for the roof which would not be needed until the marketing was done. He also questioned whether a perspective rendering of the project was needed until the marketing and selling of the theme park were underway. Mr. Kernan indicated that it was important to have a graphic perspective to show what the uses were to be.

Mr. Charles Shapiro of Skidmore, Owings and Merrill came forward and indicated there were several approaches to marketing but it was generally most successful to illustrate the uses permitted and presently there were no current renderings of the design to use in the marketing process.

Ms. Blomquist expressed the belief that there were developers interested in Yerba Buena Center and that they had specific ideas of what they want to build there. She suggested working with developers and using their plans instead of using consultants. Mr. Kernan indicated that the role of the Agency's architectural staff was limited as to analyzing development proposals for conformance with the urban design guidelines and criteria. He believed that the renderings would be helpful in gaining developer interest and provide a better selection of developers through widespread exposure. He believed it was a prudent investment to use in attracting additional developers. This is now difficult because there is no current illustrative material on Yerba Buena Center. President Wexler asked if it would create problems for staff if the Commissioners adopted only the item which provided additional time for SOM to work with ERA and Mr. Gryziec on application of the urban design plan for the Yerba Buena Center Gardens market offering and hold the other items over until after a presentation had been made of the final SOM urban design plan. Mr. Thomas Conrad, Chief of Planning, Housing and Programming, expressed concern that some work has already taken place as a result of the need to resolve current questions such as an alternate apparel mart site. President Wexler suggested that a report be made on the work that had been done on this item. Mr. John Elberling of TODCO came forward and indicated he had some unresolved questions regarding TODCO housing sites in the project. He indicated that he would like to discuss the plans with the consultants. Ms. Blomquist suggested that staff could refer TODCO to SOM, but Mr. Elberling indicated the consultants were charging \$60 an hour and staff had requested him not to speak with them.



NEW BUSINESS (continued)

Ms. Shelley asked for clarification about the use of SOM's services to determine the feasibility of relocating the apparel mart to another site. She asked what portion of the \$3,500 had been expended and what funds were available. Mr. Kernan indicated that approximately \$500 had been expended to review the alternative sites for the apparel mart use. Mr. Shapiro had indicated the major portion of the money would be used to work with other developers which is all future possibility work. He indicated the staff would meet with TODCO tomorrow to discuss the issue of replacement sites.

At this point Mr. Glickman left the meeting at 7:30 p.m.

President Wexler inquired what funds were needed to expend prior to receipt of the final urban design plan which was anticipated in two weeks. Mr. Hamilton replied authorization was needed for the first two items and the remaining two could be deferred with less injury to the schedule. Ms. Blomquist asked why the staff proposed proceeding with SOM since there were developers who may come forward and who should control these items. Mr. Kernan did not believe the Agency was relinquishing its control because staff was working with SOM. Staff needed to work with developers in the context of an accepted conceptual scheme. The contract did not include meetings with any particular developer. On October 8, 1978 a national conference of real estate developers will be held in San Francisco and the agency should have this kind of graphic material to display. Mr. Shapiro indicated that the two items were ones which would require an estimated two months to complete. President Wexler commented that if this was the case the graphics would not be ready by October 8, 1978. Ms. Blomquist suggested that when the final SOM plans are ready marketing should then commence and further design should cease. Mr. Kernan responded that the design would not cause delay but to market two large central blocks was no easy task and there are few developers who could take on a project of this magnitude. He estimated there may be only a half dozen major developers capable of doing such a project and the amendment to the SOM contract require a small investment to attract major developers.

President Wexler believed that a design was needed and the cost was small as compared to the overall development or cost of the land but he was uncertain whether it was necessary for the Commissioners to vote on the last two items at this time. He recommended that these be considered sometime in the future. He preferred to wait for the final presentation. Mr. Kernan recommended that the national developers meeting on October 8 be used as an opportunity to begin premarketing. Mr. Shapiro believed the renderings could be completed within three to four weeks for the roof treatment. Mr. Lee was concerned that he had not seen the master plan for Yerba Buena Center and that SOM did not agree with Mr. Gryziec. Since SOM is the design consultant he was concerned that their concepts not be changed to blend with anyone else's concepts and he wondered if staff was forcing some changes. Mr. Kernan stressed his respect for SOM's professional judgment and indicated that he had asked SOM to consider community goals which may not be possible to reconcile with architectural visions. The consultants are to present their best professional opinion and are not bound to anyone's decision.



NEW BUSINESS (continued)

Ms. Shelley asked what the direct charges would be for the first two items, holding the remaining ones over for two weeks, and Mr. Kernan explained it would be a total of \$7,000.

ADOPTION: It was moved by Ms. Shelley and seconded by Ms. Berk that Skidmore, Owings and Merrill contract be amended to add \$3,500 to cover work with Environmental Research Associates and Mr. Richard Gryziec on the application of the urban design plan for the Yerba Buena Gardens marketing offering and that \$3,500 be given to test the feasibility of certain users, and on roll call the following voted "Aye":

Ms. Shelley  
Ms. Berk  
Ms. Blomquist  
Mr. Lee  
Dr. Williams  
Mr. Wexler

and the following voted "Nay":

None

and the following abstained:

None

The President thereupon declared that the motion carried.

- (c) Resolution No. 192-78 authorizing issuance of residential construction mortgage revenue bonds of the Redevelopment Agency of the City and County of San Francisco.
- (d) Resolution No. 193-78 authorizing the issuance of a series of residential construction mortgage revenue bonds of the Redevelopment Agency of the City and County of San Francisco, 1978 Series A.
- (e) Resolution No. 194-78 approving rules and regulations relating to the Redevelopment Agency of the City and County of San Francisco relating to its residential construction financing program, SB 99.
- (f) Resolution No. 195-78 requesting the Board of Supervisors of the City and County of San Francisco to approve the issuance by the Agency of not to exceed \$4,500,000 principal amount of residential construction mortgage revenue bonds, Series 1978.

Mr. Hamilton indicated that these four items related to actions dealing with adoption of resolutions pertaining to the implementation of Agency's construction program authorized under SB 99, and a \$4.5 million loan for Hunter's Point construction of 72 market-rate housing units. He requested and received permission to consider these items together.

Mr. Quintin McMahon, Chief of Real Estate, came forward and indicated that through the issuance of mortgage-backed revenue bonds will provide permanent financing to qualified purchasers of single-family homes in Hunters Point





NEW BUSINESS (continued)

Phase I at 7-1/2 percent. He explained that this loan program is authorized by recently enacted State legislation known as "SB 99." The Agency will issue revenue bonds for sale to bond purchasers and the proceeds will then be used to purchase mortgages on qualifying residences. Because of the favorable tax treatment of the bonds the Agency will be able to fund the program's expenses, such as the servicing fee, FHA insurance, trustee's fee, and other administrative expenses, and still offer an interest rate well below the present market rate.

The Agency has obtained a commitment from Citizens Savings and Loan Association to purchase these bonds and representatives are present to respond to any questions the Commissioners may have. Ms. Blomquist asked for a layman's explanation of the procedure, and Mr. McMahon indicated that the initial loan will be a promissory note of 9-1/2 percent to avoid speculation by people who would purchase more than one home. The Agency in purchasing the mortgage in the loan program will charge an owner occupant a 7-1/2 percent charge and the Statewide Mortgage Corporation will initiate the loan, with the Crocker National Bank acting as trustee for the bonds on the FHA-insured mortgage. The notes are secured by a deed of trust. Mr. McMahon stressed that the buyers must be qualified. Ms. Blomquist inquired if the Agency loses 2 percent and Mr. McMahon responded that it only wanted 7-1/2 percent since the initial 30-day loan will be purchased by the Agency through bond sales funds. Mr. Lee inquired what the 9-1/2 percent represented and Mr. McMahon explained this was the current FHA mortgage rate but the rate charged the eventual purchaser was 7-1/2 percent and the loans were assumable. Mr. Lee asked about the turnover rate and Mr. McMahon responded it may be only seven years but the interest goes to 9-1/2 percent if the second purchaser does not occupy the home. President Wexler observed that the second purchaser would have to have a large down payment or else refinance the property, and Mr. McMahon concurred.

Mr. McMahon indicated that the last resolution requests the Board of Supervisors' approval in conformance with State legislation concerning Agency bonding. Ms. Blomquist asked about speculation, and he replied that this was a possibility but the other purchaser would pay the higher interest rate. Mr. Elijah McCartt of Statewide Mortgage Corporation came forward and indicated that if a nonowner occupant purchased the property the FHA also reduces its loan amount so there is more equity required. A declaration would have to be executed by the owner occupant that he will occupy the house. Ms. Blomquist asked if it were at the discretion of the Agency if the interest rate goes to 9-1/2 percent if there is no owner occupancy, and Mr. McMahon concurred. Mr. McCartt indicated that there are cases where this may not be desirable when the home is rented at a moderate rate and it would be preferable to keep the interest low. At the time of assumption it is determined whether the rate goes back up to 9-1/2 percent or not.

President Wexler asked if the Commissioners would make this determination, and Mr. McMahon answered affirmatively. President Wexler asked about the breakdown in fees, and Mr. McMahon responded that 1 percent is the standard FHA fee, 3 percent is a service fee, 1 percent is for mortgage service funds made by both parties, and 1/2 percent interest rate to the Agency



NEW BUSINESS, (continued)

but this could be changed by the Commissioners if they wished. President Wexler indicated that Crocker National Bank was an excellent institution, but wished to know how the Agency could become involved with other banks and lending institutions. Mr. McMahon responded that other institutions could be contacted. Mr. Hamilton indicated that this would be done.

Resolution No. 192-78 authorizing issuance of residential construction mortgage revenue bonds of the Redevelopment Agency of the City and County of San Francisco.

ADOPTION: It was moved by Ms. Blomquist, seconded by Mr. Lee, and unanimously carried that this resolution be adopted.

Resolution No. 193-78 authorizing the issuance of a series of residential construction mortgage revenue bonds of the Redevelopment Agency of the City and County of San Francisco, 1978 Series A.

ADOPTION: It was moved by Ms. Shelley, seconded by Ms. Berk, and unanimously carried that this resolution be adopted.

Resolution No. 194-78 approving rules and regulations relating to the Redevelopment Agency of the City and County of San Francisco relating to its residential construction financing program, SB 99.

ADOPTION: It was moved by Ms. Berk, seconded by Ms. Shelley, and unanimously carried that this resolution be adopted.

Resolution No. 195-78 requesting the Board of Supervisors of the City and County of San Francisco to approve the issuance by the Agency of not to exceed \$4,500,000 principal amount of residential construction mortgage revenue bonds, Series 1978.

ADOPTION: It was moved by Ms. Shelley, seconded by Ms. Blomquist, and unanimously carried that this resolution be adopted.

- (g) Resolution No. 198-78 rejecting development proposals for Parcels 1129-B, K and K(1), Western Addition Approved Redevelopment Project Area A-2.

President Wexler Indicated that this item will be held over.

- (h) Consideration of audit of tax allocation bonds, Hunters Point and Embarcadero-Lower Market Approved Redevelopment Project Area.

This item concerns a request to authorize annual audits of Golden Gateway tax allocation bonds, Hunters Point South School lease revenue bonds, and residential rehabilitation loan programs with the California First Bank and Wells Fargo Bank funds. Eleven firms were solicited and five responded, the lowest of which was Ernst and Ernst for \$3,500; however, there was a proposal of \$3,900 from L. Andrew Jean-Pierre, a minority firm. Mr. Hamilton indicated that the firm appeared to be qualified and staff recommended its approval in accordance with the Agency's objectives of encouraging minority-owned firms.



NEW BUSINESS (continued)

MOTION: It was moved by Ms. Blomquist, seconded by Ms. Shelley, and unanimously carried that the firm of L. Andrew Jean-Pierre be selected to perform the Agency's annual audit of tax allocation bonds for Hunters Point and the Embarcadero-Lower Market Approved Redevelopment Project Areas.

- (i) Resolution No. 199-78 policy concerning procedures to be used for reproduction of materials within the Agency.

Mr. Hamilton indicated that the arrest and subsequent Grand Jury indictment of the Chief Lithographer in the Agency's print shop for alleged criminal conduct having to do with his personal life has resulted in a review by both Commission and staff of his employee status with the Agency and the employee status of other print shop employees. An outgrowth of that combined review is a resolution which is before the Commissioners establishing new and amplified controls and restraints on access to and operation of the Agency print shop and on material that can be reproduced in the print shop. As a practical matter, these controls and restraints have already been effected.

In connection with this resolution, he also noted that the District Attorney's office is continuing its investigation of the print shop, and strongly emphasized that the Agency has been and is fully cooperating with that investigation.

If, as a result of this investigation, appropriate legal and/or administrative action is found appropriate, such action will be taken.

Mr. Hamilton requested the Secretary to read the resolution which is attached and made a part of these minutes.

President Wexler indicated that the Commissioners wished the public to be aware that during the past months the Agency has cooperated fully with the District Attorney's office in its investigation of the Agency's print shop. In addition, the Agency has instigated its own in-house investigation of the print shop. President Wexler stated that there had been accusations of wrongdoing by the media other than those that normally cover Agency activities and urged anyone with information on this matter to bring it to the attention of either the District Attorney's office or the Agency.

In the meantime, the Commissioners had unanimously supported a proposal to clarify the procedures and controls for any material reproduced in print shop. These are outlined in the resolution under consideration by the Commissioners.

President Wexler also noted that the operation of the print shop had been carried on openly with the knowledge and approval of not only the present Commissioners but preceding Commissions. In addition, the Agency's budget clearly identified the print shop as an Agency activity. This budget has been evaluated by the Mayor's Office of Community Development, reviewed during public hearings, and finally approved by the Board of Supervisors and HUD. President Wexler stressed that no one should think that the Agency's legitimate printing activities had been done in anything other than



NEW BUSINESS (continued)

a fully open and aboveboard manner. He stated that if it was discovered that any wrongful activities had taken place, the Agency expected the District Attorney's office to take appropriate action. In addition, Commissioners and staff would take any administrative actions necessary.

ADOPTION: It was moved by Mr. Lee, seconded by Ms. Shelley, and unanimously carried that this resolution be adopted.

MATTERS NOT APPEARING ON AGENDA

(a) Consideration of Public Meeting, Western Addition A-2

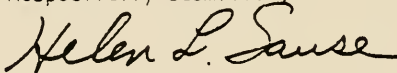
Mr. Hamilton indicated that several months earlier the Commissioners had asked that a meeting be held which would provide the Western Addition Community with an opportunity to discuss the issue of broad participation of community interests in the redevelopment program. The issue had been discussed a number of times and late last week staff had learned that the meeting was to be held on Thursday the 24th. Mrs. Rogers had discussed the matter with both President Wexler and him and apparently there was a misunderstanding as to their agreement for holding the meeting without more notice. She had urged that such a meeting be held at that date to avoid general weeks of delay caused by absences and holidays and noted that a flyer would be distributed throughout the community and she believed that sufficient notice would be given. Discussion followed on alternate means of providing a notice of meeting. Ms. Blomquist inquired if the WAPAC convention would be announced at this same meeting and Mr. Hamilton answered negatively, noting that if there was insufficient community representation at the meeting on the 24th, a subsequent community meeting could be held prior to the convention. Ms. Blomquist suggested that if there are subsequent notices the Agency's Graphics and Print Shop personnel be utilized to work on a flyer of such notices.

The Commissioners indicated that they would attend the meeting on the 24th if possible and if this meeting lacked significant community participation, a subsequent meeting would be scheduled prior to the WAPAC convention.

ADJOURNMENT

It was moved by Ms. Shelley, seconded by Ms. Berk, and unanimously carried that the meeting be adjourned. The meeting adjourned at 8:35 p.m.

Respectfully submitted,



Helen L. Sause  
Secretary





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9/78  
MINUTES OF A REGULAR MEETING OF THE  
REDEVELOPMENT AGENCY OF THE CITY AND  
COUNTY OF SAN FRANCISCO HELD ON THE  
29TH OF AUGUST 1978

The Commissioners of the Redevelopment Agency of the City and County of San Francisco met in a regular meeting at 939 Ellis Street in the City of San Francisco, California at 4:00 o'clock p.m. on the 29th day of August 1978, the place, hour, and date duly established for the holding of such meeting.

The President called the meeting to order and on roll call the following answered present:

Howard M. Wexler, President  
Joan-Marie Shelley, Vice President  
Charlotte Berk (joined the meeting at 4:25 p.m.)  
Dian Blomquist  
Rubin Glickman  
Melvin D. Lee  
Dr. Hannibal A. Williams

and the following was absent:

None

The President declared a quorum present.

Wilbur W. Hamilton, Executive Director, and staff members were also present.

Also present were Arnold Townsend, Mary Rogers, and Benny Stewart, Western Addition Project Area Committee (WAPAC); Peter Clarke and John Robinson, Clarke and Cramer; Gigi Platt, Landmarks Advisory Board; James C. Johnson, Primrose Associates and Victorian West, John Elberling, TODCO; Dr. J. Delameter, Robert Spear, and Larry Jacobs, BANG; John Belz and Robert Becker, Maple Leaf Properties; Randy Wei, CANE; Henry Poy and Lyman Jee, Arcon/Pacific, Ltd.; Fritz Wooster and Clark Gillespie, Campeau Corporation of California; Byron Nishkian, Moose-Nishkian, developers; Michael O'Neill, Michael O'Neill and Sons; and Eileen Henriques, Judy Brown, Hugh Wallace, and Frankie Herridon, interested citizens.

Representing the press were Marshall Kilduff, San Francisco Chronicle; Jerry Adams, and Dan Borsuk, San Francisco Progress.

#### APPROVAL OF MINUTES

It was moved by Mr. Lee, seconded by Ms. Blomquist, and unanimously carried that the minutes of the Special Meeting of March 14, 1978 and April 25, 1978 and the minutes of the Regular Meetings of August 8, 1978 and August 15, 1978, as distributed by mail to the Commissioners, be approved.

#### SPECIAL APPEARANCES

- (a) Public hearing to hear all persons interested in the matter of the proposed transfer and conveyance of Parcels 743-B(1) and 743-B(2), Western Addition Approved Redevelopment Project Area A-2.



SPECIAL APPEARANCES (continued)

President Wexler opened the public hearing to hear all persons interested in the matter of the proposed transfer and conveyance of Parcels 743-B(1) and 743-B(2), Western Addition Approved Redevelopment Project Area A-2. There being no persons wishing to appear in connection with the matter, the President declared the public hearing closed.

REPORT OF THE EXECUTIVE DIRECTOR

Executive Director Wilbur W. Hamilton reported to the Commissioners on the following matters:

- (a) The San Francisco Housing Authority has decided that it is not feasible for it to purchase the buildings at 1529 and 1531 Sutter Street either before or after rehabilitation for use as a public housing resource for eligible individuals. The Agency has informed the Court of that determination. Mr. Hamilton recommended that rehabilitation of the building under Section 8 be pursued contingent upon approval by the Department of Housing and Urban Renewal (HUD) or failing that then demolition of the structures. In either case it will be necessary to issue thirty-day notices to the tenants. This is to be done as soon as possible. The Agency is presently determining the resources for rehousing these tenants.
- (b) Tonight and Thursday evening at 7:30 p.m. the Office of Community Development will be holding hearings in the Board of Supervisors' Chambers on the Mayor's preliminary Community Development program for 1979.

UNFINISHED BUSINESS

- (a) Consideration of designation of the joint venture between Arcon/Pacific, Ltd. for the apparel mart, Block 3722-A and B, Yerba Buena Center Approved Redevelopment Project Area.

President Wexler indicated that after consulting with staff it was decided that an executive session would be necessary before considering this item.

RULE OF THE CHAIR: President Wexler indicated that subject to the objections of any Commissioner this item would be continued until the end of the agenda and after an executive session to consider legal questions, public discussion of the item will be held. There were no objections and it was so ordered.

- (b) Consideration of short-term marketing strategy for Parcel 3724-B, Yerba Buena Center Approved Redevelopment Project Area.

Mr. Hamilton recommended a commitment not to market the 44,937 square-foot parcel at the northwest corner of Fourth and Howard Streets for one year while the potential developer entity, Moose-Nishkian, refines its proposal. The site has been considered for housing in accordance with a request from TODCO but it is less suitable for this use than the T-shaped parcel between Third and Fourth Streets facing Folsom Street. Moose-Nishkian is to report significant progress to the Commissioners within six months on the status



UNFINISHED BUSINESS (continued)

of their proposal. Failing a satisfactory report the Agency will have the right to reoffer the parcel. The developer is also to conform to the provisions of the proposed Redevelopment Plan amendments and the urban design guidelines adopted for the project. Mr. Hamilton indicated that he had met with Mr. John Elberling of TODCO and he had agreed to allow the Agency to make its "best efforts" to secure a suitable alternate site for TODCO housing use.

At this point, Ms. Berk joined the meeting at 4:25 p.m.

However, Mr. Elberling had requested that the record reflect TODCO's request for consideration if the site is still available for development at the end of the year.

President Wexler noted that this item did not require formal action and suggested that the Commissioners agree to withhold offering the parcel for only a six-month period and review its status after six months since the bonds will have been sold and the exhibit hall will be under construction. At that time an extension could be granted if merited. Mr. Hamilton indicated his understanding that the developers wished to meet with persons from the University of California and represent to them that they would have longer than six months to finalize their proposal. Mr. Nishkian confirmed this noting that they would be in a more advantageous position if they had assurances that the parcel would not be offered for one year. In response to President Wexler's inquiry Mr. Hamilton indicated that the Commissioners could terminate the understanding if progress was unsatisfactory after six months' time. Mr. Hamilton responded to Ms. Blomquist's inquiry that the six-months' period would expire at the end of February.

MOTION: It was moved by Ms. Shelley, seconded by Mr. Glickman, and unanimously carried that Parcel 3724-B would not be offered for one year pending development of the Moose-Nishkian proposal which was to conform to the Redevelopment Plan amendments and urban design guidelines, subject to a satisfactory report on progress in six months.

NEW BUSINESS

- (a) Resolution No. 204-78 retifying publication of notice of public hearing for Parcel 743-B(1), and authorizing execution of agreement for disposition of land for private redevelopment and other conveyance documents in accordance therewith, Western Addition Approved Redevelopment Project Area A-2.
- (b) Resolution No. 205-78 ratifying publication of notice of public hearing for Parcel 743-B(a), and authorizing execution of agreement for disposition of land for private redevelopment and other conveyance documents in accordance therewith, Western Addition Approved Redevelopment Project Area A-2.

Mr. Hamilton requested and received permission to consider both these items together which were the subject of the public hearing just held. These concern execution of a disposition agreement for two parcels on Franklin Street for development by Michael O'Neill and Sons to build two structures



NEW BUSINESS (continued)

of seven stories each, consisting of 170 units with one bedroom, and rentals ranging from \$290 to \$375 depending on unit size and views. The square footage ranges from 700 to 900 in area. Total construction cost is \$5 million or \$2,500,000 for each building. The price for the first parcel of land is \$132,300, preliminary plans are due September 1, 1978, financing by April 1, 1979, and construction is scheduled to start when the building permit has been issued. The land price for the second parcel is \$136,500, with preliminary plans due March 1, 1978, financing by October 1, 1979, and construction scheduled to start as soon as the foundation and structural work is completed on the first building.

MOTION: It was moved by Dr. Williams that these resolutions be adopted. President Wexler asked if plans were available, and Mr. Michael O'Neill responded that these were at the City Hall and he hoped to have them out within five weeks. Mr. O'Neill indicated he was waiting to submit the plans for the other development which was identical but wished to know if there would be any changes on the first one before submitting the second set of plans.

In response to Mr. Glickman's inquiry Mr. O'Neill indicated that Mr. Edmond Ong, Chief of Architecture, had approved the plans. Mr. Glickman inquired what was the purpose of placing a "Butler Building" on the roof of the building, and Mr. O'Neill replied that he planned to place 1,500-gallon water tanks on the roof for solar heating including six rows of solar plates. Mr. Glickman asked if this was also reviewed by Mr. Ong, and Mr. O'Neill responded affirmatively. Ms. Blomquist expressed approval and urged that more developers would use solar energy. Mr. O'Neill commented that it was an effort to save money. President Wexler inquired whether stucco would be used as an exterior finish and Mr. O'Neill responded affirmatively and also noted that there would be garages under both buildings. President Wexler asked if the Western Addition Project Area Committee (WAPAC) had approved the proposal, and Mr. O'Neill answered affirmatively.

ADOPTION: It was moved by Dr. Williams, seconded by Ms. Shelley, and unanimously carried that Resolution No. 204-78 be adopted.

ADOPTION: It was moved by Dr. Williams, seconded by Ms. Shelley, and unanimously carried that Resolution No. 205-78 be adopted.

- (c) Resolution No. 206-78 designating Victorian West, Ltd. as the redeveloper of fifteen parcels, Western Addition Approved Redevelopment Project Area A-2.

Mr. Hamilton indicated this item concerned designation of Victorian West, Ltd. as a developer for 120 days to consider the feasibility of using the Section 8 program to rehabilitate fifteen structures with a total of 42 units for rental to persons of low and moderate income. The designation period will be used by the developer to obtain a preliminary HUD Section 8 approval, submit evidence of financial capacity, and execute a disposition agreement. Mr. Hamilton indicated that the Agency was uncertain rehabilitation of all buildings was feasible; however, staff needed to complete certain technical requirements, including establishment of a price.





NEW BUSINESS (continued)

Mr. Hamilton indicated that on June 18, 1978 HUD had advertised Section 8 subsidies for rehabilitated units with an application submission deadline of July 28, 1978. HUD has now indicated that it needs evidence of site control. Although this does not conform to the policy on public offerings developed by the Commissioners, the developer is responding to a unique opportunity offered by HUD and it is recommended the developer be designated to provide units that may not be feasible for rehabilitation without a subsidy such as the Section 8 program.

Dr. Williams inquired if 1225-29 Divisadero Street was the building used by the Liberation House Alcoholic Program and also asked about an individual that had expressed an interest in purchasing a property who was told by staff that they could not consider selling it to her without a public bid. Mr. Gene Suttle, Area Director for Western Addition A-2, confirmed that the alcoholic program was an interim use in the Divisadero Street building and that the individual who wished to purchase property was advised that because she was not a certificate holder, the Agency could not negotiate the sale of the property but had to sell it through the public offering process to all others than sponsors of low-cost housing with the exception of the property at 762 Fulton Street which was sold to the City, Nichi Bei Times Building and those buildings in Victorian Square. The name of the interested individual was placed on the mailing list for future offers of buildings. Dr. Williams indicated his belief she was told she could not negotiate for purchase of a property because this individual was a public housing resident. He believed the building on Divisadero Street would be ideal for this person. He was concerned that the individual had also been told the property would be put up for bid around the first of the year, and that it would cost from \$60,000 to \$80,000 to rehabilitate the building which was too expensive for her to purchase. Dr. Williams explained that this person had completed beauty school and wanted to improve her housing condition with the assistance of another family member and he believed these were the people the Agency ought to assist. He was also concerned that an expenditure of \$10,000 at Agency expense was being recommended to build a concrete foundation on a building which will be included in this package of fifteen buildings. Mr. Hamilton explained that negotiated property sales were only made for low to moderate income housing developments and proposals related to the objective of providing such housing. The staff response to this individual appeared to be consistent with program policies. Mr. Hamilton indicated that the response time required by HUD on Section 8 offerings does not permit the Agency time to prepare a public offering and secure proposals. Mr. Hamilton reiterated that this proposed development was consistent with the Agency policy for construction of subsidized housing. Dr. Williams indicated his belief that that procedure was improper. He believed the Agency should not negotiate with one person or group and refuse another. Mr. Glickman asked who the principals were in Victorian West, Ltd. and what their experience was. President Wexler asked if Mr. James C. Johnson was the President and Mr. Hamilton responded affirmatively and noted that Mr. Johnson was present to comment.

Mr. Johnson came forward and indicated there were two general partners who had submitted a proposal to HUD to acquire and rehabilitate 42 units. Their



NEW BUSINESS (continued)

experience was acquired from their association with three Western Addition A-2 housing development including Buchanan Park, Laurel Gardens, and Prince Hall, all of which had units ranging from 68 to 92 in number. Mr. Glickman asked if Mr. Johnson had acquired these units after they were built or did he develop them, and Mr. Johnson responded they were acquired when they were either in process of construction or after completion of construction. He indicated Laurel Gardens, for example, was one-third through construction and he completed the project. Buchanan Park was acquired four years after occupancy and Vista Del Monte in Diamond Heights was acquired from nonprofit developers, as was Buchanan Park.

In response to President Wexler's inquiry Mr. Johnson indicated he was associated with the Fillmore Community Development Corporation (FCDC) which was nonprofit. President Wexler asked how a nonprofit general partner could be a general partner in a profit-making venture and Mr. Johnson explained that it was legal and appropriate for a nonprofit entity to join with a profit-making organization to undertake a profit-making activity. Any profits received would be distributed in accordance with tax requirements which did not preclude or prevent such activities. Mr. Hamilton recalled that many private developers had combined with nonprofit developers of subsidized housing and this was not unusual. President Wexler inquired if FCDC had a 50% share in the partnership and Mr. Johnson replied that under the partnership agreement FCDC is to benefit in profits to be derived from its limited partnership interest in the developments. The policy of FCDC was not yet determined with respect to operating balances or profits in management and operation of the units. Mr. Johnson noted that FCDC participated on an equal basis in selection of the buildings proposed for rehabilitation.

Mr. Glickman asked what the equity position of FCDC was in profit sharing, and Mr. Johnson replied it was in a syndication that profits would be derived from putting together a project. When such partnership was formed people like himself without money worked with people who wished to invest for purposes of achieving a tax shelter. These persons invested depending on the extent of tax shelter they got. The profits for this project that would come to the general partners of the syndication would be equally shared by himself and FCDC after costs. Mr. Glickman asked if after the property is sold would the investors get their money back out of it and how were the proceeds shared. Mr. Johnson responded that the provision of sharing in the profit of these properties was divided so everyone got an equal share, but it would not be an equal share of the syndication. Mr. Glickman asked how this determination of division was made, and Mr. Johnson responded that there would be a minimum percentage they would receive from participation in the syndication regardless of how much would be derived. That equity sharing division is not in partnership agreements but is determined later.

Ms. Blomquist asked who the officers of FCDC were. Mr. Benny Stewart noted that he was serving as interim Chairman. He recalled that a year and a half earlier WAPAC had expressed disagreement with the high cost of rehabilitating the buildings which precluded people from purchasing them since the prices ranged from \$60,000 to \$90,000 per building. He indicated



NEW BUSINESS (continued)

that the Commissioners had made a commitment to work with the community to develop a vehicle to provide for purchase on a less expensive basis. He indicated that a proposal had been submitted to the Office of Community Development asking for funds to purchase properties to show how this could be done. However, this skill would not provide many people with access to occupancy of Victorian structures so the proposal to rehabilitate these buildings for subsidized rentals increased the number of large units available. FCDC partners included Mary Rogers, Sam Seito, Booker Anderson, Richard Morris, Bruce Hageman, Percy Steele, and himself. Ms. Blomquist asked if there was a conflict of interest in persons serving on WAPAC and FCDC and if the sweat equity program had been abandoned. Mr. Stewart replied that the program had not been abandoned but the problem was finding a way of funding it. He indicated that if multiunit rentals for low- to moderate-income people could be renovated and the FCDC realize some funds from this for its sweat, he was in favor of that. Mr. Hamilton indicated there were two buildings set aside for the sweat equity program. Mr. Stewart stressed his belief that it was important to provide the Section 8 rental units for low- to moderate-income families who would not be able to purchase buildings even through the sweat equity program.

Mr. Lee inquired if and when the 42 units were sold to Victorian West, Ltd. would the money spent on repairs for 1225 Divisadero be recovered by the Agency, and Mr. Hamilton responded that the repairs were calendared for an independent action, because this work was necessary to do now with regard to Victorian West's proposal. With respect to potential recovery of the fund expended, the value of the property will reflect the building's condition.

Ms. Blomquist indicated her concurrence with Dr. Williams that these buildings should be disposed of through a public offering; however, she could understand what FCDC was trying to do but she did not believe it should function as a profit-making organization. President Wexler also concurred with Dr. Williams because negotiated sales represented a departure from present Agency policy. The Commissioners would be able to make an exception to that policy only if there were strong reason and there was no other alternative. It was his understanding that there were 80 or 90 units available for potential rehabilitation. Mr. Suttle indicated there were approximately 97 buildings owned by the Agency and some were in poor condition and the present number of units did not relate to units available after rehabilitation. Some of these buildings had been scheduled for clearance and some for moves to other sites for rehabilitation. President Wexler asked of the 97 buildings how many were presently committed, and Mr. Suttle estimated that six buildings had been committed plus the 15 presently under consideration. President Wexler asked when staff intended to bring the buildings before the Commissioners for a policy decision on their disposition and Mr. Suttle indicated that this could be done in approximately two weeks. Mr. Suttle noted that the rehabilitation staff had 350 to 500 units programmed presently and would be unable to put together an offering for additional units until January. President Wexler expressed concern that there were people wishing to purchase buildings and stated that he believed the Agency should move its large inventory of buildings onto the market as quickly as possible. He also noted that the Commissioners would make a determination





NEW BUSINESS (continued)

on the disposition of these buildings and requested that the inventory list be forwarded for the Commissioners' consideration.

Mr. Hamilton indicated that only a limited number of the buildings were available to utilize for the income group served by Section 8. Therefore, a major factor in determining the buildings for disposition to Mr. Johnson was the size of the units. In addition these Victorian structures provided spacious units which persons of low income were unable to purchase and this proposal would make it possible for them to obtain them as rentals. Mr. Hamilton stressed that it took a large financial capacity to be able to purchase and rehabilitate a Victorian in A-2. President Wexler indicated that he was not in disagreement with the proposal to set aside these 15 buildings for Section 8, but wished to review the allocation of the 90 buildings before reaching a decision.

Dr. Williams expressed concern that tenants from public housing who wished to purchase in A-2 were not given an opportunity to do so. Mr. Hamilton noted that a person of this income could benefit from Section 8 subsidies but stressed that persons who were not A-2 residents had a secondary priority to certificate holders in allocating buildings.

Ms. Blomquist reiterated her support for the sweat equity concept and noted that it appeared two buildings were being proposed as a pilot project. She indicated that she shared Mrs. Rogers' concerns that the Section 8 market rate rental structure was distorting the rental market in the Western Addition and urged support for the sweat equity program as an alternative. Mr. Suttle indicated that HUD established Section 8 rental rates using a different formula for rehabilitated units. In response to President Wexler's inquiry, Mr. Suttle indicated that the market rate for Section 8 was \$644 but stressed that this was for new construction, and a different range was set for rehabilitated units.

Mrs. Rogers expressed the belief that the Commissioners should support the sweat equity concept. She indicated her understanding of Dr. Williams' concerns that people be allowed to purchase property in the community. However, the cost of these buildings is so large that persons of low income cannot finance loans to purchase them. She stressed her belief that a person living in public housing would be unable to purchase such a building. Mrs. Rogers expressed concern about the success of the 236 and Section 8 programs but indicated that there were no other housing programs available and urged that this Section 8 development be approved.

Mr. Townsend expressed concern that Ms. Blomquist inferred the sweat equity concept had been abandoned. He recalled that WAPAC had initiated this program as a means of providing individuals with an opportunity to buy properties who could not afford rehabilitated structures. Mr. Townsend reported that the FCDC was in the process of obtaining funds from the Office of Community Development to administer the sweat equity program. He also urged that the Commissioners consider negotiating with the tenants of the building at 1531 Sutter Street for its purchase and rehabilitation rather than selling it to Mr. Johnson. Ms. Eileen Henriques urged that





NEW BUSINESS (continued)

the buildings be rehabilitated and sold. President Wexler indicated that Mr. Johnson's proposal would insure rehabilitation of the buildings and still provide subsidized rentals for persons of low income. Ms. Henriques reiterated her belief it was important to have these buildings upgraded.

Mr. Johnson indicated that the proposal would provide persons of low income with large subsidized rental units; however, he was not proposing that the organization would do so for altruistic reasons. He recalled that he had visited Mr. Hamilton in either February or March and asked if there were buildings which could be purchased for rehabilitation. Mr. Hamilton indicated that this could only be done if it provided rentals that low- to moderate-income people could afford. Mr. Johnson indicated that he had investigated all available programs and even with the Agency's rehabilitation loan programs the buildings could not be rehabilitated at a cost that made it feasible for persons of low income to occupy them. The only way he had found to subsidize the units was through the use of the Section 8 program. He had reported this to Mr. Hamilton and had not pursued the matter further until HUD made an offering of Section 8 subsidies for existing buildings in June. This was the first such offering HUD had made in at least 18 months and it had established an extremely tight deadline for submission of the material. In an effort to meet this schedule he had worked with Agency staff to determine buildings that would be suitable for the program. HUD had accepted his preliminary proposal and now it was necessary for him to show that the Agency would dispose of the buildings to him.

In response to Dr. Williams' inquiry about potential tax shelters for participants in the proposal, Mr. Johnson noted that the amount of the tax shelter would not be determined until costs and loan amounts are finalized and HUD and the State of California had approved the proposal. Then he would secure investors and their interests would be a matter of public record. Mr. Hamilton noted that this had been the organizational structure for other projects in the Western Addition.

Ms. Blomquist expressed concern about the number of buildings which the Agency owned and her belief that they should be returned to the tax rolls as quickly as possible. She suggested that the staff offer the buildings for Section 8 subsidies or cooperatives or any other program that would get them into the hands of private purchasers.

Mr. Hamilton indicated that Mr. Johnson was responding to HUD's offering of Section 8 funding and this required pre-commitment of the units. Approval of this program would make these units available to persons of low income. In response to President Wexler's inquiry, Mr. Hamilton indicated that the deadlines were established by HUD and provided insufficient lead time for the staff to inform the Commissioners earlier. The deadline for site control had been set for August 30, 1978.



NEW BUSINESS (continued)

Mr. Wei, a member of CANE, indicated that it appeared the Commissioners were agreeing with the things that CANE had been requesting the Agency to consider for some time. Ms. Blomquist suggested that the CANE group cooperate with the Agency and work toward making housing available to persons of low income.

MOTION: It was moved by Dr. Williams and seconded by Ms. Blomquist that the Agency not designate these 15 buildings for rehabilitation by Victorian West, Ltd. and that staff make every effort to propose a program providing ownership opportunities to community persons.

Ms. Shelley recommended amending the motion to provide that the overall analysis of the Agency's building inventory be expedited for Commissioner review with a proposed master plan for the buildings' disposition. Both Dr. Williams and Ms. Blomquist indicated their concurrence with this amendment.

MOTION: It was moved by Dr. Williams and seconded by Ms. Blomquist that the Agency not designate these 15 buildings for rehabilitation by Victorian West, Ltd. and the overall analysis of the Agency's building inventory be expedited for the Commissioners' review with a proposed master plan for the buildings' disposition, and on roll call the following voted "Aye":

Ms. Shelley  
Ms. Berk  
Ms. Blomquist  
Mr. Glickman  
Mr. Lee  
Dr. Williams  
Mr. Wexler

and the following voted "Nay":

None

and the following abstained:

None

The President declared the motion carried.

Mr. Stewart urged that the Commissioners reconsider this program which would make buildings available for rental by low-income persons, and President Wexler indicated that these matters would be considered when the inventory of buildings was considered. Mr. Stewart indicated that the Commission had been asked to approve a sweat equity program a year and a half earlier, and that the Victorian West proposal would provide an immediate mechanism to make Victorian units available for low-income persons. He did not understand why the Commissioners were rejecting this proposal. President Wexler recalled that the sweat equity concept had been approved in April 1977 and the Commissioners were waiting for a viable program to be brought back for their approval.



NEW BUSINESS (continued)

- (d) Resolution No. 207-78 designating Primrose Apartments as the redeveloper for the rehabilitation of 1353-1369 Eddy Street, Western Addition Approved Redevelopment Project Area A-2.

Mr. Hamilton indicated that staff recommended designation of Primrose Apartments as developer of an eight unit Agency-owned structure at 1353-69 Eddy Street for rehabilitation under the Section 8 program. Mr. Hamilton noted that the Primrose Apartments owned the subsidized housing development which surrounded this property as well as the land under the structure. The building originally had been acquired for clearance in response to HUD requirements to provide open space for the subsidized housing units. It has now been determined that this is no longer a HUD requirement and the building can be rehabilitated to provide additional dwelling units. The designation would be for a period of 120 days and during this time the developer would obtain preliminary approval from HUD for Section 8 subsidies and execute a disposition agreement after submitting evidence of financial capacity. Staff will also complete certain technical requirements which included establishment of the purchase price.

President Wexler inquired if staff preferred moving the building to provide open space and Mr. Hamilton indicated that initially the building was to be rehabilitated in place and the proposal for its acquisition and demolition resulted from a HUD requirement that the Agency provide additional open space for the housing. Mr. Suttle indicated that moving the building off site and rehabilitating it had been considered but this would require more funds than the Agency had in its budget for building moves. He believed that this proposal provided the most feasible means for rehabilitation of the units. He also noted that the Landmarks Advisory Board had opposed the Agency's plans to move the building. President Wexler inquired about the resolution of HUD's requirement for providing additional open space and Mr. Suttle indicated that the persons who had originally made this a requirement were no longer with HUD. Further, HUD staff can find no evidence of additional open-space requirements in their files. Dr. Williams inquired if this was an Agency-owned structure and Mr. Suttle answered affirmatively, noting that it was proposed to negotiate the building's sale to Primrose Apartments. Dr. Williams expressed objection to any negotiated sale. Mr. Suttle indicated that renovation of this building would benefit low-income people in the project. He reiterated that he was prohibited from making direct sales to individuals but negotiated sales of Agency-owned property for purposes of social benefit were permitted. Mr. Borregard noted the distinction between this proposal and the Victorian West matter by clarifying that this concerned a structure on land already owned by Primrose Apartments. President Wexler indicated his agreement that there was a distinction between this proposal and the one previously considered. If the developer is not allowed to rehabilitate the building, it will have to be either moved at great expense or demolished. Mr. Johnson confirmed his belief that Primrose Apartments provided a logical solution to preservation of the building. If the Agency did not approve the proposal he requested that they immediately fulfill the agreement to clear the land owned by Primrose Apartments.



NEW BUSINESS (continued)

Ms. Berk expressed concern that information was provided Commissioners without sufficient time for their consideration. Mr. Hamilton reiterated that this deadline had been established by HUD and that staff had no control over the dates set. Ms. Berk suggested that the Agency staff establish a cut-off date for matters to be considered by the Commissioners. Ms. Shelley confirmed her belief that as a general practice a one-week time allowance was insufficient for the Commissioners to decide on matters.

ADOPTION: It was moved by Mr. Glickman and seconded by Mr. Lee that the resolution be adopted, and on roll call the following voted "Aye":

Ms. Shelley  
Ms. Berk  
Ms. Blomquist  
Mr. Glickman  
Mr. Lee  
Dr. Williams  
Mr. Wexler

and the following voted "Nay":

None

and the following abstained:

None

The President declared the motion carried.

- (e) Resolution No. 208-78 approving and authorizing the Executive Director to execute Change Order No. 1 to Personal Services Contract EDA-2, with Woodward-Clyde Consultants, Western Addition Approved Redevelopment Project Area A-2.

This item concerns an increase in the contract with Woodward-Clyde, soils consultants for the John Swett Community Facility from \$6,500 to \$7,000. Mr. Hamilton indicated that the additional \$500 was necessary to provide consultant services for additional work found to be necessary. The funds are to be paid from the Economic Development Administration grant for the facility's construction.

ADOPTION: It was moved by Mr. Glickman, seconded by Mr. Lee, and unanimously carried that this resolution be adopted,

- (f) Resolution No. 198-78 rejecting development proposals for Parcels 1129-B, K and K(1), Western Addition Approved Redevelopment Project Area A-2.

This matter concerns authorization to reject the developer proposals for the parcel located at the southwest corner of Divisadero and Eddy Streets. Three developers responded to the offering of this parcel in October, 1977. Mr. Hamilton indicated that Ms. Nancylee Finley had submitted the proposal recommended by staff but had withdrawn; the Solid Rock Missionary Baptist





NEW BUSINESS (continued)

Church had also withdrawn after meeting with staff and discussing the density proposed for its development; and after evaluation it was proposed that the third developer, Maple Leaf Properties, be rejected. He recalled that this matter had been calendared the preceding week but held over at the developer's request to permit his architect to be present and comment on the recommendation.

Mr. Robert H. Becker, partner in Maple Leaf Properties, came forward and indicated that as a result of their work performance on a rehabilitated building at 1840 Turk Street staff was recommending rejection of their firm for development of these new units. He provided the Commissioners with information which he believed explained how problems had occurred on the rehabilitation work and changes the firm had made to prevent such problems from happening again. He believed that the problems with the rehabilitation of the Turk Street building had resulted primarily from an inexperienced person supervising the work. Mr. Becker noted that after the project had started, the firm's contractor had withdrawn and they had chosen to act as their own contractor. He stressed his belief the firm would not have such problems with a new development and requested that they should be considered for development of this property. Mr. John C. Belz indicated that he was the architect for Maple Leaf Properties, as well as a partner in the firm, and expressed the belief that staff had approved of his firm for development of the property.

Mr. Hamilton indicated that the Maple Leaf proposal was the third choice of staff and after considering the problems of staff with the rehabilitation of the Turk Street building, it was recommended that the remaining proposal be rejected and the property put out for public bid. He noted that Mr. Kernan had met with the principals in Maple Leaf Properties and informed them of staff's recommendation and at Mr. Becker's request had put the matter over one week to allow Mr. Belz to attend. He believed they had been fully informed of the basis for staff's recommendation for rejection of their proposal.

In response to President Wexler's inquiry, Mr. Becker reiterated his belief that this project could be successfully developed by his firm because they had corrected the deficiencies that had occurred in the rehabilitation of the Turk Street building. Mr. Glickman noted that there was a major difference between rehabilitation and new construction, and Mr. Becker concurred, noting that their new projects had been successfully supervised and completed. Mr. Lee indicated that Mr. Belz had submitted a letter using Wintergreen Enterprises stationery and inquired if the contractor whose number was on the stationery was still part of the firm. Mr. Belz answered negatively.

Dr. Williams expressed the belief that this property should be put out to bid and Maple Leaf Properties would have an opportunity to submit a proposal. He noted that the pastor of the Solid Rock Church was still interested in developing a parcel in the Western Addition and asked if further consideration was being given to his designation.



NEW BUSINESS (continued)

In response to President Wexler's inquiry, Mr. Kernan indicated that Maple Leaf Properties had completed 30 units in Marin City which apparently were satisfactorily constructed. Mr. Belz expressed concern that the Agency was rejecting a proposal which the BANG organization, WAPAC and the community had supported. President Wexler indicated that the staff recommendation resulted from a concern about the quality of the development Maple Leaf would build and Mr. Becker requested and received permission to make a brief presentation of the proposed development. An architect associated with Mr. Belz came forward and indicated that their firm was an award-winning office and expressed concern that the quality of their work was being questioned.

In response to Mr. Lee's inquiry, Mrs. Rogers indicated that WAPAC had not taken a position on the Maple Leaf Property proposal. They had opposed Ms. Finley's offer because they believed the costs were in excess of the units that she proposed building at Hunters Point. Mr. Robert Spear, officer in BANG, came forward and indicated that his organization supported Maple Leaf Properties' proposal because it was architecturally integrated with the Victorian structures in the neighborhood. He stressed they had been waiting since November for the approval of a development on this site. Ms. Shelley indicated that staff recommended reoffering the parcel and inquired if there was reason to believe that circumstances had changed and additional proposals would be obtained from such an offering. Mr. Hamilton indicated that since nearly a year had passed he believed that there was new interest in the area and anticipated better developer response.

Mr. Lee stressed his belief that rehabilitation work and new construction were different and suggested that the developer use a bondable contractor for their new construction. Mr. Glickman concurred and inquired when WAPAC could have a position on the proposal. Ms. Rogers indicated that WAPAC would need to hold a meeting to review the proposal.

In response to Dr. Williams' inquiry, Mr. Belz indicated that it was proposed to build one-and three-bedroom condominiums on the site which would sell for an average of \$69,000. Dr. Williams expressed concern about the appearance of the development and urged that this property be developed compatibly with other construction in the area.

**RULE OF THE CHAIR:** President Wexler indicated that subject to the objection of any Commissioner only persons not previously heard would now be permitted to speak on this matter, although the Commissioners could ask questions of any individuals that they wished to. There being no objection, it was so ordered.

Ms. Judy Brown indicated her concern about the provision of housing for persons of low income and urged the Commissioners to consider approval of the development proposal.

Ms. Shelley believed that it would be necessary to learn the time it would require for WAPAC to consider the matter, and Ms. Rogers believed that



NEW BUSINESS (continued)

within two to three weeks they could meet and make a recommendation on the proposal. She expressed concern that Mr. Becker had originally indicated units would sell for as much as \$75,000 and now was using \$69,000. She requested information on the proposed unit price structure. In response to Mr. Spear's inquiry, President Wexler indicated that if there were unsolved questions on the proposals or inquiries about the requirements, these should be referred to the appropriate staff persons. Dr. Williams expressed the belief that Rev. Robinson represented a large group of ministers and urged that he be allowed to submit a proposal for development of the site.

**MOTION:** It was moved by Mr. Lee and seconded by Ms. Blomquist that the proposals for development of the southwest corner of Divisadero and Eddy Streets not be rejected.

Mr. Glickman concurred with Mr. Lee on the difference between rehabilitation buildings and new construction. However, as a result of hearing concerns from adjacent property owners and WAPAC not having reviewed the matter, he recommended that it be put over to allow completion of these issues. He expressed his opinion that the project appeared to be one which would benefit the area. In response to President Wexler's inquiry, Mr. Hamilton indicated that the proposal had been originally forwarded to WAPAC but had not been recently brought to their attention for review. Discussion followed on the time needed to accomplish the WAPAC review and for staff to bring the matter back before the Commission. Mr. Lee and Ms. Blomquist indicated that they agreed to rescission of their motion.

**MOTION:** It was moved by Mr. Glickman and seconded by Mr. Lee that the consideration of the development proposals for Parcel 1129-B, K and K(1), located at the southwest corner of Divisadero and Eddy Streets, Western Addition A-2, be continued until September 26, 1978, and on roll call the following voted "Aye":

Ms. Shelley  
Ms. Berk  
Ms. Blomquist  
Mr. Glickman  
Mr. Lee  
Mr. Wexler

and the following voted "Nay":

None

and the following abstained:

Dr. Williams

The President declared the motion carried.

Ms. Shelley indicated it was possible WAPAC would reject the proposal, and President Wexler indicated his understanding of that possibility, noting that the matter should be reviewed as objectively as possible.



NEW BUSINESS (continued)

- (g) Resolution No. 209-78 ratifying and approving action of the Executive Director in soliciting bids in connection with property management work on an Agency-owned structure on Block 1126, Lot 4, at 1225 Divisadero Street, and awarding contract to Tong's Construction Co. on the basis of low bid received and authorizing execution thereof, Western Addition Approved Redevelopment Project Area A-2.

This matter concerns award of a contract for concrete foundation work to Tong's Construction Company. This work is necessary to correct a deteriorating foundation on an Agency-owned building at 1225 Divisadero which is having a detrimental effect on the adjacent property. In response to Dr. Williams' inquiry, Mr. Hamilton indicated his belief that the Agency had no choice in the matter other than to do the work since it was damaging the adjacent property. In response to Ms. Blomquist's inquiry, Mr. McClure indicated that the bid bond equaled 100 percent of the bid amount.

ADOPTION: It was moved by Mr. Glickman, seconded by Ms. Shelley, and unanimously carried that this resolution be adopted.

- (h) Resolution No. 210-78 authorizing the Executive Director to enter into a rental agreement with Dalton Construction Co. for the utilization of a portion of a cleared parcel of Agency-owned land, Block 678, Lots 14A and 15, located at the northeast corner of Sutter and Steiner Streets for the purposes of storing construction equipment and employee parking, Western Addition Approved Redevelopment Project Area A-2.

This matter authorizes execution of a rental agreement for the interim use of an 18,218 square foot parcel to provide parking for Dalton Construction Co., the City's contractor, for building a fire line from Fillmore to Van Ness Streets. The monthly rental of .0097 cents per square foot equals \$180 per month. Mr. Hamilton indicated that this was consistent with rental of other property in Agency areas for storage use. The property is to be used by Suttermore Associates and is not expected to be conveyed before the contractor completes its work in January 1979.

Ms. Blomquist inquired about the status of Suttermore Associates, and Mr. Hamilton indicated that they had not responded completely to the Agency's letter of July 26, 1978. Since then, staff has been attempting to meet to discuss the deficiencies in the Suttermore response. Mr. Hamilton expected the meeting would be set within the next two weeks. He indicated that there was no potential inhibition to development of the site permitting this interim rental use. President Wexler recalled that at the meeting of June 20, 1978, he had understood that Suttermore Associates would be allowed one month to accomplish certain items and if these were not satisfactorily accomplished then the parcel would then be put out to public bid. He inquired if staff was attempting to determine how these items might be accomplished. Mr. Hamilton noted that Suttermore Associates had responded to the Agency's letter by raising substantive issues concerning such matters as land takedown procedures.

MOTION: It was moved by Mr. Lee and seconded by Mr. Glickman that the resolution be adopted.





NEW BUSINESS (continued)

Ms. Shelley indicated her concern about inhibiting the Agency's options and inquired if the rental agreement would affect the Agency's ability to make a public offering of the land. Mr. Suttle answered negatively and noted that the Agency had a 30-day termination clause if it should need possession of the site before January 31, 1979.

Mr. Townsend came forward and expressed concern about the affirmative action program of Dalton Construction Company, noting that the City did not adhere to the same requirements as the Agency in this matter.

Mr. Hamilton indicated his belief the Agency would not accomplish additional benefits for the affirmative action program. He noted that he was in receipt of a letter from Tip Hillon, representing WANA, sent from Pebble Beach which expressed that organization's opposition to the proposed interim use. Mr. Suttle indicated that the alternative to allowing this contractor to rent storage space would be to remove on-street parking on any streets between Fillmore and Laguna. He urged approval of the agreement.

ADOPTION: It was moved by Mr. Lee and seconded by Mr. Glickman that the resolution be adopted, and on roll call the following voted "Aye":

Ms. Shelley  
Ms. Berk  
Ms. Blomquist  
Mr. Glickman  
Mr. Lee  
Mr. Wexler

and the following voted "Nay":

None

and the following abstained:

Dr. Williams

At this time, 7:35 p.m., the meeting recessed to an executive session.

The meeting reconvened at 8:20 p.m. Mr. Glickman had excused himself from the meeting.

President Wexler indicated that Mr. Hamilton had gone to the hearing being conducted by the Mayor's Office on the 1979 Community Development Program. Mr. Redmond Kernan would continue the meeting as Acting Executive Director.

UNFINISHED BUSINESS

- (a) Consideration of Designation of the Joint Venture between Arcon/Pacific Ltd. for apparel mart, Block 3722-A and B, Yerba Buena Center Approved Redevelopment Project Area.



UNFINISHED BUSINESS (continued)

Mr. Kernan indicated that this matter concerned the request of Arcon/Pacific for designation of an alternate site for the apparel mart in Yerba Buena Center. It was the recommendation of staff that an alternate site in Block 3722, Parcel B, be designated for development by Arcon/Pacific for a 60-day period. Mr. Kernan stressed that the staff recommendation concerned only Site B in this block, not Sites A and B as originally requested by Arcon/Pacific.

In response to President Wexler's inquiry, Mr. Jee indicated that the designation period of 60 days would be adequate if the Agency could provide a price for the parcel in that period. Mr. Kernan expressed the belief that the price could be established within the 60 days and suggested that the designation be made with the understanding that if an extension were needed, it would be brought before the Commissioners by October 24, 1978. Mr. Henry Poy confirmed his understanding of these provisions but reiterated that the developer wished to have designation of both sites A and B. President Wexler indicated his understanding of this request and noted that additional determinations would have to be made on the site prior to the Agency being able to recommit Site A. Mr. Kernan confirmed this understanding, noting that there were buildings on the parcel which were being evaluated for potential rehabilitation and until their disposition was determined, it was recommended that the Commissioners consider no proposals for the site. Mr. Jee indicated his understanding but stressed that to develop a viable apparel mart it would be necessary to have a minimum of 175,000 square feet. In response to President Wexler's inquiry, Mr. Jee indicated that he concurred in the developer designation of Site B only. Mr. Kernan indicated that the resolution specified a number of matters that would require determination before the expiration of the exclusive negotiating period. These would include determination of land price, a commitment by the developers that they would provide market-rate housing to the maximum extent feasible, and also required consideration of the construction of housing on Site 2. In addition, the developers would be required to commit their best efforts to providing maximum parking on the sites they developed and a financing plan which would reflect the agreement of all partners with respect to the apparel mart development. The developers will be requested to execute a copy of the resolution indicating their agreement to these provisions. Mr. Poy indicated that he had reviewed the terms of the proposed resolution and that they agreed with the requirements. Mr. Poy wanted to clarify that the developer would provide only such housing as was economically feasible and Mr. Kernan indicated his understanding. Mr. Poy also noted that the developer was committed to only providing such housing as was marketable. In response to President Wexler's inquiry, Mr. Kernan indicated that the market would determine the economic feasibility of the housing.

Resolution No. 211-78 granting exclusive negotiating rights to Arcon/Pacific, Ltd. with respect to Parcel 3722-B, Yerba Buena Center Approved Redevelopment Project Area D-1.

ADOPTION: It was moved by Dr. Williams, seconded by Mr. Lee, and unanimously carried that this resolution be adopted.



ADJOURNMENT

It was moved by Dr. Williams, seconded by Ms. Shelley, and unanimously carried that the meeting be adjourned. The meeting adjourned at 8:45 p.m.

Respectfully submitted,

*Helen L. Sause*  
Helen L. Sause  
Secretary











